

The KIRKLEES SCHOOLS FORUM

(Schools Funding Consultative Group)
meeting held on **Friday 5th February 2010**
at the Deighton Centre

Present:

Julie Helm	Nursery School Heads (1)
Graham Altoft, Kath Benetis, Carol Crossland, Michelle Lee (Chair), Paul Scrimshaw, Diana Wilson	Primary School Heads (6)
Caroline Thompson	Middle School Heads (1)
Lorraine Barker, Jackie Eames (acting vice-chair), Janet Tolley	High School Heads (4)
Philip Gibbins	Special School Heads (1)
Jo Bailey-Taylor (NASUWT), Pat Colling (KGA), Gillian Collins (ATL), Sarah Ellis (pre-School Learning Alliance), Howard Roberts (NUT)	Non-school members (6)
Julie Bowdidge (Principal Improvement Manager, Learning Service) Angela Farmer (Senior Finance Officer, Resources & Support) Warwick Firmin (School Funding Strategy Manager, R&S); Clerk David Gearing (Financial Delegation Manager, R&S); Minute Clerk Rosemary Gibson (Acting Head of Resources & Support) Margaret Parker (Programme Director, Building Schools for the Future)[for part of the meeting]	Kirklees Children & Young People Service Officers in Support
	Observers

1. Apologies for Absence

Kevin Higgins (KSHS), Chris Sadler (Kirklees College)

2. Minutes of the meeting held on 22 January

The minutes were agreed as a true record of the meeting. However, it was noted that in minute 4.5 on the ICT Managed Service there was no reflection made of the view from high schools that the price for the service may not represent value for money. The indicative figures talked about by the Head of Strategic ICT would indicate that the annual price for the service will be much higher than schools in general are currently paying for their ICT services.

3. Matters arising from meeting 22 January

3.1 Excess balance claw-back [minute 3.4 of the 22 January meeting]

The Chair reported that a letter of appeal has finally been received from the head teacher of the one school subject to claw back of unjustified excess funds. The letter was received after the time allowed for an appeal to be lodged (according to the excess balance procedures). The Chair read out the letter to the meeting. The view around the table was that the original decision to claw back £39,828 out of a larger overall excess balance figure at the school should stand.

4. DSG 2010-11 matters

4.1 Feedback from Heads groups

Each constituent grouping of head teachers had considered the DSG budget recommendations put forward by the Schools Forum. Each group reported back to today's meeting about the discussions that had taken place.

Kirklees High School Heads (KSHS)

Agreement in principle to the majority of the recommendations was reported with two concerns.

First - the PPP1 benchmarking gap – KSHS will agree to set aside the £400k for one year only (2010-11). The meeting felt that there needed to be a thorough review of the contract to prevent such a situation arising again and that issues of probity and equity should be part of that review. Further discussion is needed to plot a way forward from 2011-12. It was felt also that the LA must press on with the intended energy management works. [Intelligent metering is already being piloted in two PPP high schools with funding available to extend the metering to the other PPP schools during Spring 2010.]

The second concern - the proposal to avoid a formal Local Education Partnership (LEP) approach to Hard Facilities Management within the BSF strategy. This stems from a general lack of confidence in the current local authority-organised provision. A LEP approach might provide more of a guarantee for schools that the necessary works will be carried out.

Kirklees Primary Heads (KPH)

The meeting had concluded with general backing for all the recommendations. The main issues reported back were to do with the Schools Workforce Census (the merits of option 2 versus option 3), the PPP1 benchmarking situation (assurances were sought that strategies will be explored to ensure that similar problems do not surface in future) and the Hard FM proposals (worries that the life cycle provisions will place an inordinate financial burden upon the schools concerned).

Kirklees Middle Heads (KMH)

The group had met but it was finding it more and more difficult to engage with decisions about the future when the BSF strategy includes the agreed closure of the four North Kirklees middle schools. The group considered they had no mandate to comment on the PPP1 issue and the Hard FM arrangements as they do not or will not affect the N Kirklees middles. With regard to the contribution from schools needed to make the BSF plan work again, middle schools felt they could not really comment, although there was recognition that to not support the proposals would be to deny future generations of children the chance to be educated in better environments.

The Schools Forum acknowledged the difficulty faced by the middle sector in taking a view about some of the recommendations.

Kirklees Special School Heads (KSSH)

Unfortunately, the group had not had chance to meet with their Schools Forum representative. There was support for the concerns raised about the potential additional DSG commitment presented by the PPP1 contract benchmarking requirements.

4.2 Confirmation of agreed recommendations

4.2.1 Review of budget items with limited choice or general support.

The following agreements were reached and recorded: -

Ref 1.1 Ongoing Single Status uniform movements. Additional funding is required to continue to adjust Special School and (some) Resourced Provision Planned Place values to keep pace with the financial effects of whole-scale increases for their support staff.

Agreed: - to allocate base funding of **£57,500** to the relevant formula factors in 2010-11 to continue the process of single status funding adjustments initiated last year.

Ref 1.2 Independent Safeguarding Authority (ISA) registration. Funding is required for the first year of the five-year ISA registration period to meet the costs of registration for the first target group of school-based staff and the admin costs of the checking processes and the cost of the registration fees. There will be a need to find additional resources in 2011-12 and 2012-13 to supplement the base funding amount agreed for 2010-11 as the registration timetable reaches its peak number of cases.

Agreed: - to allocate a total of **£153,300** base funding across the (delegated) budgets for personnel admin, Kirklees Supply Service, school cleaning and school catering towards the cost of meeting the ISA requirements during 2010-11.

Ref 1.3 Westfields PRU budget correction. An omission error occurred when the Westfields PRU budget report for 2009-10 was being put together for Schools Forum consideration. Missing funding (in respect of some support staff) now needs to be restored to the base provision.

Agreed: - to restore the missing **£39,000** to Westfields PRU's base budget to meet the true overall cost of their support staff salaries.

Ref 1.4 Primary Engagement in Learning Service. Funding is required to meet the full-year costs of the former Primary PRU Service's move to new accommodation at Bradley. The funding is needed to pay for the running costs of the premises, the salary of the Head of Centre and pupil transportation costs. The remaining activity is catered for by existing budget provision.

Agreed: - to add **£122,600** to the base funding provision for the Primary Engagement in Learning Service to reflect the additional costs of operating at its new location.

Ref 1.5 Rateable value revisions on school rates bills. The projected impact for schools of the 2010-11 periodic rates revaluation exercise has been calculated to result in an increase of around £200k next year in (transitional) rates bills. Added to this is an estimated increase in the rates cost of the new Hillside Primary school in comparison to the charges for the two Stile Common schools it has replaced.

Agreed: - to add **£225,000** into the 2010-11 School Rates base Formula budget to meet the increased costs. (Further funding commitments will be necessary throughout the transition).

Ref 1.6 Admin costs of DSG Psychological Services. Both the direct costs and their associated overhead/support costs for individual service activity should be declared in the same place (according to Section 52 statement regulations). An error has come to light in that the admin overheads which are attributable to three Psych Services within the retained DSG budget have hitherto been mistakenly declared within the Children & Young People Service budget. The DSG now needs to accommodate these costs from 2010-11.

Agreed: - to add **£30,000** to the DSG Psychological Services base budget to unite the overheads with the direct provision.

Ref 1.7 Multi-Sensory Teaching Support. A full-time multi-sensory specialism teacher has been recruited in response to rising numbers of deaf-blind children within the authority. The cost of this compares very favourably to the alternative of buying in private specialist provision for these children.

Agreed: - to add **£47,500** to the base budget provision of the Multi-Sensory Support Service to fund the salary costs of the new full-time deaf-blind specialist teacher.

4.2.2 Budget issues that are more contentious or those with options requiring further consideration

Ref 2.1 DSG Early Retirement – ongoing replenishment of budget. In order to maintain the same level of 'spending power' as in 2009-10 a sum of £36,000 needs to be added into the 2010-11 DSG Early retirement budget. This is to replace funding now committed to the ongoing annual pension costs of individual cases agreed during the current financial year.

Agreed: - to add into the DSG Early Retirement base budget a sum of **£36,000** to replace funding taken up by last year's pension commitments. *

[* see the item on Unallocated DSG Resources below for a subsequent decision affecting the Early Retirement budget.]

Ref 2.2 Schools Workforce Census. The Schools Workforce Census goes live in the coming Autumn. Options were presented as to how schools might like to see the data input organised.

Option 1 (cost £82,200) would see the majority of the work done by the authority but with some transfer of data from schools still necessary; Option 2 (cost £11,400) would have the return completed mainly by schools themselves with data transferring from the LA across to schools; Option 3 (cost £62,200) has the responsibility for input linked to where the relevant data is currently held – schools input the data they control and the authority inputs the data it holds.

Agreed: - to go with Option 3 – a sum of **£62,200** will therefore be added to the Personnel Admin delegated budget (£11,400 of which is a one-year only commitment).

Ref 2.3 PPP1 – contractual benchmarking of services costs. The outcome of the periodic 5-year benchmarking of service costs is that the PPP1 contractor can claim an additional £1.9m per annum, mainly as a result of energy price rises since the inception of the contract and due to developments in the pay and conditions of cleaning staff. £1.5m of the £1.9m has already been covered - £1m as a recurrent contribution from the corporate centre and £0.5m via the normal application of the formula-based school contribution fee. This leaves a recurrent gap in the account of £0.4m which the Schools Forum is being asked to deal with.

This issue continues to be rather contentious but the general feeling was that there was no choice but to do as the Council is asking. However, there are concerns that a decision to support this cost sets a precedent for the future with the contract being couched in terms that exposes the Council and schools to further financial risk at the periodic benchmarking points. Accordingly, the agreement is initially only for 2010-11 and the issue will need to be revisited by the Schools Forum in planning discussions for 2011-12. An update is asked for in the Summer Term. A particular item of interest then will be a progress report on the roll-out of intelligent metering amongst the PPP1 schools. The Schools Forum is also asking that the terms of the contract be reviewed and amended via negotiation to minimise the chance of a recurrence of the problem. The Chair of the Schools Forum is to draft a letter to the Council setting out the Schools Forum's concerns about the situation.

Agreed: - to set aside a provision of **£400,000** in the retained DSG budget, for 2010-11 only, to close the forecast gap in the PPP1 account. The Chair of the Schools Forum is to write a letter to the corporate centre to pass on the Schools Forum's concerns about the situation.

Ref 2.4 Additional funds to the Maternity Budget. To reduce the pressure in the retained DSG account it is proposed to add a sum of £350k to the base budget for Maternity Leave. The budget has been under-provided for over the last several years, mainly as a consequence of enhancements to maternity pay and conditions and developments in salary levels, particularly of teaching staff. The maternity budget has never received commensurate injections of funding to keep pace and so habitually exhibits a £300k - £350k problem each year.

Agreed: - to add **£350,000** to the base budget for school maternity leave costs within the retained DSG account.

Ref 2.5 The Revenue Repairs & Maintenance traded service. The service is under an increasing amount of financial pressure due to exceptional winter maintenance demands and an increasing requirement to carry out health and safety-related work. It is proposed to add to the delegated budget either 2% or 4% of new provision over and above the normal inflationary increase for 2010-11 to enable the service to restore some of the more proactive aspects of the maintenance programme.

Agreed: - to add funding equivalent to a 4% increase above inflation (estimated to cost **£64,000**) to the delegated base budget for 'Structural' Repair & Maintenance.

Ref 2.6 Unallocated DSG resources – estimated to be £196,300. This issue cannot really be considered in isolation from the current pressures within the retained DSG budget.

To set the context for the discussions the latest DSG monitoring report (week 40) was circulated to the meeting.

The week 40 DSG budget monitoring report forecasts a deficit in the retained DSG of around £786k by year end 2009-10. The bottom line has improved since the week 36 report which showed a forecast deficit of £848k.

- The main changes between the two reports are due to new underspends emerging within the Exclusions Service and ETHOS PRU together with a much-improved position in SEN Contingency now that the January SEN package adjustments have been calculated.
- The benefit from these would have been greater but for a worsened position in the maternity leave account, which is now forecast to exceed provision by over £450k.
- The Schools Forum was reminded that the projections include a £150k underspend within the insurance cover scheme arrangements – custom and practice has been that surpluses in the scheme are treated as being ring-fenced and not generally available to offset overspends elsewhere within the DSG.

The week 44 monitoring report is expected to show a further improvement in the bottom line – details will be brought to the next Schools Forum meeting.

The Schools Forum will be required to make recommendations for how to redeem any overall final deficit presented within the 2009-10 DSG account. The Schools Forum meeting in June will consider the closedown position on the agenda.

Reports from constituent groups had been requested on proposals for use of the uncommitted balance in the 2010-11 DSG strategy, currently estimated to be £196,300.

There had been consideration of whether the remainder should be directed towards the Deprivation target. Whilst the deprivation issue was viewed as being important it was accepted that there aren't sufficient new funds available this year to make a real difference to the funding patterns.

KHSH are supportive of the plan to add a £50k contingency to the 2010-11 DSG Early Retirement budget against the possibility of early BSF-related pressure. Therefore, there was backing for the remaining sum to be added into Schools Contingency to help with the projected deficit position in the 2009-10 retained DSG account. However, there was some unease amongst secondary heads about increased contingency provision as it could be seen as sending the wrong message out.

The other constituent groups reported their agreement with KHSH's views regarding the ER budget. The Middle schools, in particular, stressed the importance of supporting the Early Retirement arrangements during the transition to BSF.

Agreed: - to add **£50,000** into the 2010-11 DSG Early Retirement budget to deal with any early BSF-related cases that arise. Any funding not committed could then be rolled forward into the 2011-12 ER budget.

Agreed: - that the remaining unallocated sum, currently estimated to be **£146,300**, be added to the School-specific contingency budget in 2010-11 to be deployed to help with the expected deficit brought forward from the 2009-10 retained DSG budget.

5. BSF funding matters

5.1 Feedback from Heads groups

Constituent Heads groups have been asked to consider five issues where the agreement of schools 'in principle' is required to be declared within the BSF Outline Business Case submission.

Item A: Early revenue savings to be rolled forward within the DSG account to support the additional funding pressures over the remaining transitional years.

There was unanimous agreement that savings specifically generated as a direct consequence of the BSF/PCP changes should be rolled forward between financial years to help meet the additional funding pressures which will arise during the BSF transition years.

Item B: A possible contribution from future revenue savings to support agreed top-up capital borrowing.

On the other side of the BSF transition years it is projected that there will be a recurrent saving within the ISB funding system as a result of there being fewer schools under the new structures. There was general agreement that this saving could be a source of support for capital borrowing costs, should it prove to be necessary (if the Devolved Formula Capital funding stream does not itself provide sufficient resources).

Item C: All N Kirklees BSF secondary schools need to sign up to the principles of the Hard FM strategy by OBC submission (April 2010).

KHSH accepted that the 'sign up' needs to happen, but the view from their meeting was a preference for the Local Education Partnership (LEP) approach. This, in their opinion, would provide more assurance that the necessary works would be carried out over the relevant time period. There was a lack of confidence that an 'in-house' arrangement would be able to deliver in the same way.

Item D: BSF secondaries in N Kirklees and primaries/middles affected by the Primary Capital Programme to commit their Devolved Formula Capital (DFC) to BSF 2011-17 or PCP (subject to agreed ICT / health & safety needs)

There was general agreement for this action but with little enthusiasm for the change. There was recognition that this funding stream is a key element of the overall plan so a refusal to co-operate would jeopardise the programme delivery. The issue of the ICT-related element of Devolved Formula Capital was considered. Schools sought reassurance that their ICT equipment needs would be catered for during the lead-up to the new ICT arrangements. Their preference would be for a percentage of the DFC annual allocation to be attributed to ICT and for schools to retain control over this element of the funding, surrendering the remainder to the BSF programme.

Item E: Governing bodies of relevant North Kirklees high schools to sign up for the ICT Managed Service before the submission of the OBC (April 2010)

There was agreement in principle to this but there needs to be more discussion about the details as matters progress. As this issue only affects the relevant high schools KPH deferred to secondary colleagues to decide.

[At this point, Margaret Parker, BSF Programme Director, joined the meeting and a question and answer session explored some of the detail of the information presented].

Q. Why was the overall BSF/PCP scheme planned to cost £240m when the only specific grant available stands at £192m? The Council has made a commitment from its own funding streams to enhance what can be delivered. It was stressed that the figures have been revised many times during the planning process and will continue to change over the coming months. It is important to take a strategic view of the overall plan but recognise that the components of the overall affordability picture will keep changing. It was agreed to circulate copies of a briefing paper prepared for North Kirklees head teachers as it contains more explanation about the assumed financial flows.

Q. Does the financial picture as presented include provision for the planned new post-16 provision for North Kirklees? Yes it is included

Q. Can further information about spend on individual schools be made available? There are commercial sensitivities which prevent this at the moment. (Contractors tender for the work without knowing the notional budget provision set aside for that work).

Q. Does the £240m include Fartown High School? No, the funding for this project is outside the North Kirklees programme. The Fartown scheme will be funded by requesting a roll forward of grant funding intended for the South Kirklees BSF programme.

Q. Why does the overall plan factor in Schools Devolved Formula Capital funding? The DCSF has an expectation that schools will contribute their DFC funding to the programme but via negotiation with the affected schools.

The Hard FM issue generated quite strong feelings with KSHS again putting forward their view that the arrangement would be more secure if delivered via a LEP. M.Parker circulated an update of the initial report on Hard FM. Further research has been carried out to better explain the difference between a LEP-managed arrangement and the proposed in-house service. Currently, officers are engaging with N Kirklees high schools to better understand their pattern of expenditures on facilities issues. It is clear that the specific annual formula funding allocation to the schools in total is in the range £850k to £900k. The in-house Hard FM service would be linked to this and, like the LEP would involve stated service specifications for what would be provided for schools. The amended paper projects an annual cost for the LEP approach of around £1.54m. The difference between this level and the specifically funded level would have to be made up by the member schools, largely by way of a calculation which strips out hard FM-related staffing time within the school – caretaking, premises management roles, related admin time etc. This new information is clearly significant enough to cause KSHS to look once more at their initial position on how Hard FM services should be organised.

In a related matter, the draft/sample letter to North Kirklees heads about the proposed Hard FM service was quoted as having already settled upon the in-house route. It was pointed out in response that it was simply a draft and the phrasing can be altered should schools still think that the LEP approach represents the best way forward.

6. Early Years Single Funding Formula (EYSFF) update

An update report from the Single Funding Formula Working Group was considered. Although the EYSFF implementation date has been put back one year to April 2011 and Members have declined the opportunity to be a “Pathfinder” during 2010-11, there are still some issues raised by the implementation work that need to be considered for possible action in 2010-11.

The current maintained nursery funding arrangements contain a top-up element (where a nursery has unfilled places) to the next highest multiple of 12 part-time places. The group discussed whether there should be a reduction in the top-up benefit as an interim step towards a funding mechanism based on actual attendance. The idea was rejected by the working group because the potential financial losses for some settings could actually have proven greater than under the planned EYSFF transition arrangements. It was also recognised that some of the initial top-up places would be filled during the year by new admissions.

The group considered whether maintained nursery funding in 2010-11 should reflect actual hours of attendance of individual pupils where they attend for less than half-time. Due to the very small numbers involved, the group felt it was not worth moving away from the current arrangements for one year.

For the three Nursery Schools the group felt that the current Planned Place methodology should be extended for another year to provide stability to those settings while the nursery school review considers actions for 2011-12 onwards. Similarly, it was felt that the four early years unit “pilot” arrangements should also remain unaltered for 2010-11.

One of the changes considered during the development of EYSFF was the rebasing of nursery class size to a 1 to 13 adult to pupil ratio. Many schools have begun to admit children, in good faith, to this level in preparation for EYSFF implementation. The current funding mechanism would provide only a small amount of marginal cost funding in respect of children admitted beyond place limits still based on 1 to 12. The group recommends that such children should be funded by a termly NEF rate allocation instead for 2010-11.

The delay in implementation disadvantages the Private, Voluntary and Independent (PVI) sectors the most. Such providers stood to benefit from increased funding levels under the EYSFF arrangements. The NEF funding rate in 2009-10 is £4 per hour per day. This would naturally be inflated to £4.08 for 2010-11, assuming inflation of 2%. There is expected to be a surplus carry-forward of around £1.3m in the Pathfinder Standards Fund budget going into 2010-11. The group accepted a proposal to raise the NEF rate for 2010-11 to £4.19 per hour per day on the strength of these resources. This would be consistent with the DCSF aim of providing more equity in the funding distribution for the PVI sector.

A summary-level breakdown of the NEF/Pathfinder budget was included with the working group report. This demonstrated that the rise in the hourly NEF rate is supportable within the current funding envelope. Even after this action there remains a £1m contingency within the account to deal with potential increases to place take-up and other costs which may surface during next financial year.

Further information was requested as to the potential calls against the £1m contingency provision. It was pointed out that the funding in question is ring-fenced for purpose and therefore cannot be diverted to use on other pressures. Some around the table felt that what is proposed for 2010-11 is overly generous – the current protections are to be extended for another year and further enhancements would seem to be being layered on top. The intention is to treat 2010-11 very much as a transition year focussing upon the new EYSFF implementation date of April 2011. In the meantime, each provider school will be visited to check progress / provide help with a business plan to ready them for life under the new arrangements.

Agreed: to accept the recommendations of the EYSFF working group for 2010-11 nursery funding arrangements.

7. Agenda for the next meeting – 19 March

It was confirmed that the potential Schools Forum meeting date in diaries for 26 February would now not be required.

Suggested agenda items for the next Schools Forum meeting to be held on 19 March were

- BSF – further on issues connected to submission of the Outline Business Case, eg. Hard Facilities Management – whether to deliver ‘in-house’ or via a Local Education Partnership (LEP) arrangement
- Broadband Connectivity update
- Week 44 DSG monitoring report

8. Any other business

Date and Time of next meeting

Friday 19 March 2010, **8:30am to 11:00am** at the Deighton Centre, Huddersfield