

The KIRKLEES SCHOOLS FORUM

(Schools Funding Consultative Group)
meeting held on **Friday 22nd January 2010**
9:00am at the Deighton Centre

Present:

Julie Helm	Nursery School Heads (1)
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)
	Special School Heads (1)
Jo Bailey-Taylor (NASUWT), Pat Colling (KGA), Gillian Collins (ATL), Sarah Ellis (pre-School Learning Alliance), Howard Roberts (NUT), Chris Sadler (Kirklees College)	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) Carole Hardern (Group Finance Manager, Children & Young People Service) Nel Hargrave (Programme Manager, Building Schools for the Future) David Martin (Head of Asset Management) Alison O'Sullivan (Director for Children & Young People) Margaret Parker (Programme Director, Building Schools for the Future) Clive Williams (Head of Strategic ICT)	Kirklees Children & Young People Service Officers in Support
Margaret Cobb (Learning & Skills Council)	Observers

1. Apologies for Absence

Graham Altoft (KPH), Philip Gibbins (KSSH), Kevin Higgins (KSHS).

2. Minutes of the meeting held on 8 January

Agreed as a true record.

3. Matters arising from meeting 8 January (that require discussion / clarification before Heads' Groups meetings in February)

3.1 Early Years Single Funding Formula (EYSFF) update [minute 3.1 of the 8 January meeting]

The EYSFF working group had met this week to consider the next steps for 2010-11 given the postponement of the funding changes to April 2011. A paper containing proposals for this 'transition' year will be brought to the next Schools Forum meeting.

3.2 PPP1 – contract benchmarking of service costs [minute 6.3 of 8 January]

The PPP1 Heads Group meeting had also taken place this week with both Andrew Jessop and David Gearing attending to unravel the complexities of the benchmarking of costs outcomes. There was now a much clearer understanding of the position and the PPP1 Heads Group reached the same conclusion as the Schools Forum – that the £400k gap should be addressed by setting aside specific provision within the retained DSG base account (but with strong reservations about this action to be reported to the centre).

Further work needs to be undertaken jointly with the PPP1 schools and the Facilities Management Contractor to try to manage energy consumption more effectively and efficiently in the future. An installation programme of intelligent metering will assist the process. Two PPP1

High Schools are piloting this approach and there is (central) funding available to roll the metering out to the other schools over the next few months.

3.3 The revenue **Repairs & Maintenance traded service** [minute 6.5 of 8 January]

There was still some concern about boosting the funding available to the Repairs and Maintenance traded service. Any investment needs structures in place to drive a planned and publicised maintenance programme.

3.4 **Excess balance clawback** [minute 9 of 8 January]

The Chair confirmed that no appeal letter from the school in question had been received. Accordingly, officers would take the necessary action to adjust the school's accounts to claw back the agreed excess amount.

4. **BSF funding matters**

4.1 **Introduction**

The main agenda item for today was introduced by Alison O'Sullivan, Director for Children & Young People. The Building Schools for the Future initiative has to have a joint approach of all stakeholders – central Government, the local authority/Council and schools. The eventual benefits to individual schools, children and the whole funding system must remain the long term focus.

The overall cost of the North Kirklees scheme is around £240m. The majority of this sum is made up from £192m of government grant funding. The next stage in securing this grant money is the submission of an Outline Business Case to the Government by the end of March 2010. The OBC has to cover issues such as the overall affordability of the proposals and contain statements about "hard" Facilities Management arrangements and a Managed Service for ICT [topics which are covered later in today's meeting].

The £240m breaks down roughly as follows: -	
Government grants	£192m
Council commitment of Local Capital Grants	£23m
Other Council funding commitments	£16m
Contribution from BSF secondary schools (up to.....)	£10m
Total	£240m

Over the seven years of the N Kirklees transition phase total funding of around £1.73bn will be spent on schools so a maximum schools' contribution of £10m looks to be relatively minor by comparison. Most of the BSF schools' contribution is assumed to be delivered by use of the individual schools' Devolved Formula Capital funding (see 4.4 below).

4.2 **DSG Revenue Funding Implications** [David Gearing, Resources & Support Finance].

An exercise had been undertaken to track the Revenue Formula Funding implications of the North Kirklees BSF proposals through the transitional years to the eventual position after transition. The figures were based upon the proposals from Autumn 2009 and some adjustment is now required to bring them up-to-date. The analysis illustrates the main effects upon the funding formula each financial year and tracks the points where cost pressures surface and internal savings become available.

The figures shown map the effects of premises closures and expansions; of small schools and KS1 protection changes; of savings in block grant funding from having fewer schools; of the need to provide September to March funding for those schools expanding in terms of year group numbers or in coping with raised Planned Admission Numbers: of sixth form closures and the costs of temporarily using buildings as annexes until new/refurbished accommodation is ready.

The bottom-line of the analysis shows that within the six-year transition period the initial two years generate some initial overall savings but the next four financial years will then produce additional costs overall. **The principle which officers are seeking to establish is for the reconciled savings to be rolled forward within the DSG account to support the additional funding cost pressures over the remaining transitional years.** In the illustration, the six-year

transition cumulative cost/saving position is virtually cost neutral. This may change when updated in light of the recent changes in the Mirfield schools' proposals.

Once the transition has closed significant recurrent savings within the DSG are anticipated. Some of this saving may well be needed as a contribution to the overall programme costs. By way of illustration, it is reckoned that around £80k of revenue resources is required to support £1m of Capital borrowing commitment.

There are other non-Formula revenue implications arising from the BSF programme and The Schools Forum will also be asked to consider how these pressures can be managed within the envelope of Dedicated Schools Grant resources. The Schools Forum is already aware of most of the pressure areas. Some examples are.....

- Increased demand for early retirement / severance deals
- School Reorganisation support budget
- Protection of Employees / Surplus Staff Partnership scheme
- Possible write-off of deficits at closing schools
- Security and management of closed buildings/sites
- A budget allocation (of some form) has to be made at least 15 months in advance of its opening date to a brand new school

There are also all the same processes to undertake for the South Kirklees BSF programme once that starts to take shape and the funding implications from these need to be incorporated into the overall plan when they are available.

4.3 Hard Facilities Management Services [David Martin, Head of Asset Management. A briefing paper which has already been shared with the Head Teachers BSF Theme Group was circulated.]

Individual school buildings within the overall Kirklees school estate are currently at varying levels of condition. The £240m BSF investment for North Kirklees will change and transform school buildings.

Once the standard has been raised Partnership for Schools will insist that that standard is then maintained in the future. The Outline Business Case requires that a strategy be laid out to achieve this. The strategy has to cover Hard Facilities Management and provide for life-cycle costs of assets (repair, maintenance and replacement issues).

Hard FM covers day-to-day repairs & maintenance, preventative maintenance, service /inspection /repair of equipment and systems, life-cycle costs and planned replacement programmes. [As opposed to 'Soft' FM which covers items such as caretaking, cleaning, catering, grounds maintenance, refuse collection]. At the moment, life-cycle issues are picked up within the joint approach between schools and asset management.

An exercise has been carried out to track how N Kirklees schools are currently funded for Hard FM within the resource allocation formula and how much individual schools are typically spending on such items. In 2008-09 the N Kirklees high schools as a group actually spent at a level in excess of their specific funding allocation. Further analysis is needed to ascertain why this was the case,

Preparatory information on Hard FM has been sent to Partnership for Schools. This organisation will require the authority to demonstrate three things: -

- that there is a secure agreement to commit 100% of the specific delegated funding to the Hard FM arrangement
- that the life-cycle provision will be held centrally
- that the arrangements deliver Value for Money

The briefing paper sets out options for delivering upon the Hard FM requirements. The preferred option is to keep the service 'in-house' (rather than delivery via a formal Local Education Partnership contract) and for the authority to work closely with the schools to develop and agree a programme of planned maintenance and life-cycle provision which meets PfS requirements.

All the schools have to sign up to the principles of the Hard FM strategy in advance of the OBC submission in March 2010. Indicative figures of the costs involved will be provided to

schools to help them consider the issues. The topic will be covered at Heads and Chairs briefing sessions in the first instance and then be rolled out for individual governing body consideration.

Comments and discussion

- The new Hard FM arrangements could have knock-on effects upon schools which are not part of the programme. (This is not the intention as the arrangement is intended to be self-contained).
- A private LEP arrangement would probably be obliged to turn a profit whereas an ‘in-house’ arrangement could just aim to break even – the LEP approach could therefore be viewed as being more expensive for participating schools.
- It was confirmed that the primary schools affected by the Primary Capital Programme are not covered by the same requirements. Looking ahead though, it is anticipated that the need for a site manager role will become more prevalent amongst schools in future.

4.4 Devolved Formula Capital contribution [David Martin, Head of Asset Management].

Schools’ Devolved Formula Capital (DFC) funding is largely managed jointly between the individual school and the Asset Management Team. Spending approvals within the capital rules are jointly agreed. There is also a general assumption made that schools will make a 50% contribution from their DFC allocation to the cost of wider capital works carried out at their site.

From financial year 2011-12 (the first year in a new three-year funding cycle), BSF schools will be asked to commit their DFC funding to the BSF programme. However, in advance of the physical building changes taking place, it is recognised that there will still be urgent issues that crop up in terms of ICT and building health & safety needs. There will need to be an ongoing dialogue with each school affected to ensure that any agreed needs can still be addressed.

When the schools have been refurbished or remodelled under the programme the DCSF will then reduce each school’s annual DFC allocation (by 50% is the current assumption). At this point the Hard FM strategy assumes priority for commitment of DFC. The schools will be asked to make an annual payment (at a rate to be determined) into a life-cycle sinking fund to make provision for future asset repair and replacement costs.

For schools planned to close, the expectation from the Department is that the authority will agree a date when the school’s expenditure from their DFC allocation will cease. The “hold-back” funds will then be diverted to support the overall programme. (Due consideration would be given to ICT/health and safety needs as with the other schools affected by the proposals).

This proposed treatment of DFC funds will apply to the high schools affected by BSF and the primary and middle schools tied up with the linked Primary Capital Programme.

Comments and discussion

- The need to preserve ICT funding flows as far as possible was stressed.
- Would there be a sliding scale for surrendering DFC contributions? (There is not always a direct relationship between building size and potential life-cycle costs – schools with lower levels of capital works could have greater life-cycle costs than others with higher capital investment under the programme. The issue is not a simple one).
- Heads from some South Kirklees schools made the point that decisions being made now for the North Kirklees schools really need to be appropriate and transferable to South Kirklees when the BSF programme extends to cover that part of the authority.

4.5 ICT Managed Service [Clive Williams, Head of Strategic ICT introduced this topic].

Within the overall BSF programme there is targeted ring-fenced funding for ICT to assist in the transformation of teaching and learning and school management. The funding is conditional upon there being an area-wide ICT Managed Service in place. There will be an ongoing revenue cost implication for schools from this.

Over the past two years there has been engagement with a variety of representatives from schools via a stakeholder working group. This group has had input to the Strategy for Change

documents and has helped to shape the ICT Output specification which is a core document within the Outline Business Case (OBC). [This document is available for inspection on the BSF web portal]. The spec sets out a common core of services across the piece but with additional specifications tailored to individual school needs. For the Strategy for Change 2 document agreement in principle had to be secured and evidence provided that what is proposed is affordable.

The standard contract template provided by Partnership for Schools for the Managed Service is generally viewed as being really good. North Kirklees schools have been asked what 'additionality' they would like to be built into the arrangements. £150 to £200 per pupil per annum is the range of charge to schools that has been looked at for the ICT Managed Service. Feedback largely has been that this feels about right. Schools were asked for SfC2 to sign an "in principle" agreement to indicate that they will sign up to the service – all affected schools in North Kirklees agreed. Further work is being undertaken to settle upon an annual price figure within the specified cost range. Account is being taken of the rejection of closure proposals for Castle Hall School to incorporate the school within the service.

The Managed Service will cover technical support, procurement, maintenance and will need to provide for a central "refresh" budget (to deal with ICT infrastructure update/replacement, eg the data centre for the servers). There will be a facility for schools outside the BSF programme to buy into the service if they would like access to the learning platform, for example.

The next stage in the process is for governing bodies of the relevant schools to formally sign up to the ICT Managed Service in advance of the Outline Business Case submission.

Comments and discussion

- Some concern was expressed about the principle of governors having to formally enter into contractual arrangements. This was seen to be crossing the line between governance and management. A contrary view was stated that governors are already engaged in contractual decisions, in that the school's annual budget plan covers a number of traded service and other contracts and the governing body already has to formally approve that plan.

5. Brief reminder about next meeting – confirmation meeting on Friday 5th Feb

W.Firmin circulated an executive summary of the recommendations the Schools Forum had recorded at their Decision Day meeting on the 8th January. This paper is to be used to drive the agenda at the constituent groups week commencing 1st February. Feedback from these meetings is the main agenda item for the Schools Forum 5th February meeting.

6. Any other business

6.1 Consideration of BSF issues prior to the March submission of the Outline Business Case

Some of the aspects of the BSF programme outlined today need to be backed up by in-principle decisions from schools. The Outline Business Case has to be submitted before the end of March 2010. The Schools Forum only has two scheduled meetings before then – the confirmation meeting on 5th February and a regular meeting set for 19th March. There was some concern over how to gather the collective views of schools against such a tight timescale. Officers agreed to prepare a summary briefing paper for group meetings to clarify the issues where in-principle decisions are sought.

In order to accommodate the BSF workload it was agreed to expand the 5th February meeting to start at 8:30am and finish at 12 noon. In addition, a reserve meeting date of Friday 26th February was pencilled in. The intention would be to get through the necessary business at the meeting on the 5th but to have the 26th as a backstop.

Date and Time of next meeting

Friday 5 February 2010, **8:30am to 12:00 noon** at the Deighton Centre.