
SCHOOLS' BUDGET FORUM
Minutes of a meeting held at the
Former St Mary's Church, Tremadog
on 4 March 2014 from 9.30 a.m. until 11.20 a.m.

Present:

Mr Godfrey Northam - Chairman

Cabinet Members: Councillor Siân Gwenllian (Education)
Councillor Peredur Jenkins (Resources)

Corporate Director Mr Dilwyn Williams

School Heads: Mr Alun Llwyd (Ysgol Dyffryn Ogwen), Mr Vaughan Williams (Ysgol Syr Hugh Owen), Mrs Sianelen Fleming (Ysgol Llanaelhaearn), Mrs Esme Spencer (Ysgol Baladeulyn), Mrs Menna Wynne Pugh (Ysgol Penybryn, Tywyn)

Teachers' Unions: Mr Neil Foden (Head of Ysgol Friars)

The Diocese: Reverend Robert Townsend

Governors: Mr Gwynne Pierce (Primary Sector)

Officers: Mr Dewi Jones (Head of Education)
Mr Owen Owens (Senior Manager Education)
Mr Hefin Owen (Development Finance Manager)
Ms Helen Walker Owen (Education Quality Improvement Officer
Grants Management and Monitoring)
Mrs Glynda O'Brien (Members' and Scrutiny Support Officer)

Apologies: Mr Harry Thomas (Chief Executive), Mr Iwan Trefor Jones (Corporate Director), Mr Huw Evans (Ysgol Dyffryn Nantlle), Mr Dylan Roberts (Ysgol Cymerau), Mrs Iona Jones (Ysgol Bro Cynfal and Ysgol Edmwnd Prys).

1. MINUTES

The Chairman signed the minutes of the meeting of the Schools' Budget Forum that took place on 19 November 2013.

2. MATTERS ARISING FROM THE MINUTES

(a) Item 3 (a) – Reviewing the Secondary Formula

The Senior Education Manager reported:

- (ii) That the wording 'Primary and Special Sector' should be amended to 'Secondary Sector' in Item 7 (b) (ii) in the minutes of the previous meeting.

(iv) That discussions had taken place in the Task Group on 27 November 2013, when several models were discussed and it was resolved to consult on a model to include the following areas:

1. Additional Learning Needs
2. Free School Meals
3. Key Stage 3
4. Key Stage 4

with the intention of implementing the model from 1 April 2015. It was trusted that there would be consultation with schools as soon as possible with the intention of reporting back to the Forum on the result of the consultation at the June meeting.

Resolved: To accept and note the above.

Item 3 (b) - Primary Schools' Allocation Formula Review

The Senior Education Manager reported that the Task Group met on 3 February 2014 when consideration was given to the following seven areas:

1. Deprivation – it was resolved to leave this issue for now
2. Teachers' Allowances – it was resolved to discuss this matter again
3. Foundation Phase Grant – it was resolved to leave this issue for now
4. Size of balances – that there was a consultation in the pipeline stemming from the Schools' Budget Forum.
5. Supervision time
6. Observations on the Primary Formula
7. Key Stage 2 Large Classroom Grant – that correspondence had been sent.

It was proposed to hold another meeting in due course to discuss Teachers' Allowances, Supervision Time and KS2 Large Classroom Grant.

Resolved: To accept and note the above.

(c) Item 5 (d) – Post 16 Funding

The Head of Education reminded the Forum of the discussion at the previous meeting of the Forum regarding the unexpected news on how post 16 education would be funded from April 2014 onwards and the significant impact this would have on sixth form schools. In accordance with the Forum's resolution a letter was sent (certified by the seven Secondary School Heads with sixth forms) by the Education Cabinet Member to the Education and Skills Minister conveying discontent with the cuts in funding post 16 education. The letter was shared with other authorities, however, no positive response was received to support it.

The Head of Education referred to the Education and Skills Minister's response that was attached to the agenda and noted that the decision had been made and explained the reason for this.

Internal discussions had taken place within the authority and it was resolved to contribute £160,000 to help schools to face this change. A meeting was held to discuss a method of allocating the money and reference was made to the table attached to the agenda, that indicated the change together with how the money was

allocated. From the table it was seen that four schools would gain with two schools would lose out.

During the ensuing discussion the following points were highlighted:

- (a) The Teachers' Unions representative expressed, on behalf of the secondary sector, his appreciation of the contribution by the authority to the schools in question.
- (b) That the Education Finance Managers Group were working together to challenge the Government regarding the principle of using predictions for the actual number of pupils. They would seek a consensus across the 20 local authorities in Wales (it was noted that two authorities had no responsibilities for funding post 16 education) regarding this.
- (c) The importance of not losing sight of the above in order to prove the case. Each allocation element was based on historical data, yet in this context it was necessary to imagine what would happen in the future in terms of the number of pupils in Years 12 and 13.

Resolved: To accept, note and thank the officer for the report and discuss the matter further at the Forum meeting in June.

4. 2014/15 BUDGET AND 2014/15 – 2017/-18 FINANCIAL STRATEGY

Mr Dilwyn Williams, Corporate Director presented extracts of his report to the Council specifically concerning the schools' budget. Members' attention was drawn to the following points:

- In 2014/15 Gwynedd schools will profit by nearly £900,000 in the increase of the deprivation grant that schools will receive with approximately £520,000 going to the primary sector and £374,000 to the secondary sector.
- However, the Secondary Sector will face a reduction of approximately £500,000 in the post 16 grant and the 14-19 networks.
- With a reduction of £840,810 in the budget due to the reduction in the number of children and a reduction in the above grants, the secondary sector will suffer significantly in 2014/15 with the reductions close to £1m.
- In light of the reductions, that the Schools' Service would contribute £160,000 on a one off basis from its own resources in order to assist the sector to cope with the reduction in grants.
- By looking at the demographic position only, the reduction in the number of children meant that one school would fall to below 260 children and it was suggested that a security plan was required for the secondary sector where the budget of a secondary school that falls below 260 children is protected until it is possible to find a long term answer for schools of this size.
- It was necessary to be alert to the fact that whilst the secondary sector had planned for the impact of a reduction in demography, having to find ways of coping with the reduction would not assist the sector to concentrate on educational attainment.
- Having considered the above, the Cabinet Members on the Forum recommended to the Cabinet that the sector should be assisted to cope with the reduction by giving them more time to familiarise themselves with the situation adding to the sum the education service itself intends to help by using balances to make a further one off contribution of £250,000.

- In terms of the long term financial strategy for the next four years, savings of £34m would have to be found and if every school was protected this would mean a reduction of 27% in the budgets of other Council services.
- Schools could not be safeguarded completely for the next four years.
- Whilst accepting that education was a priority further research would have to be conducted regarding the nature of the protection element to schools and it was trusted that they would be in a situation to report on this to the Forum in due course.

During the ensuing discussion the following points were highlighted:

- (a) Whilst welcoming the offer of a one-off contribution of £250,000 to assist schools there was concern that several schools would have to face staff dismissal.

In response, the Head of Education explained that the one-off £250,000 was to safeguard quality educational standards for pupils. Whilst accepting that some schools faced mandatory dismissals in light of the number of pupils, it would be necessary to look at the balances of those schools. It was further noted that there were initial discussions with the GwE Chief Officer regarding what they could contribute in terms of maintaining educational standards.

It was proposed to conduct internal discussions in consultation with the Cabinet Member – Education regarding the allocation of finance.

- (b) A Head teacher supported the comment that if schools are facing a loss that it was vitally important to consider how much balances those schools had.
- (c) The above observation was welcomed by the Cabinet Member – Education and it was noted that raising standards was central to the discussion rather than losing posts. In terms of the long term response, it was necessary to look in detail at school organisation.
- (ch) The Head teacher noted in response that job losses also had an impact on standards.

Resolved: To accept, note and thank the officer for the report.

5. SCHOOL BALANCES

Submitted:

(A) Report on increase in the balances of eight schools during 2012/13

The Development Finance Manager referred to the Forum's resolution to investigate the reasons why the actual balances of several schools were much higher than the school plans when they established their budget. Stemming from the investigation it was seen that the total balances of eight schools (4 primary and 4 secondary) were £636.997 and the main reasons for the differences between the original estimate and the actual balances were:

- (a) Staffing budget – staff turnover had not been planned for in the budget

- (b) Energy Budget was less than the budget due to the historically conservative attitude of setting the budget and also during the financial year there was an overprovision for an increase in energy prices.
- (c) Specific Plan Budgets slipping for different reasons.
- (ch) Income Budget – actual income higher than the income budget suggesting a conservative approach when establishing a total or income target in the budget
- (d) Grants Income namely not to acknowledge a grant when establishing the budget.

During the ensuing discussion the following points were highlighted:

- That it was difficult to believe that schools did not have an extensive list of schemes in reserve to spend the increased balances.
- That a report should be received on the position of balances for 2013/14
- That every school had received prior notice that the energy budget was too high and they should commence to spend this money.
- It was very important to remind schools that the budget was for pupils who are currently within the education system and not for future pupils.
- Perhaps consideration should be given to a setting a more robust and specific criteria to ensure that pupils who are currently in school benefit from this finance.
- That training was required for Head teachers on managing finance.

Resolved: (a) To request that the Education Department in cooperation with the Head of Finance provide specific guidance to Schools and Governing Bodies on their arrangements to establish and monitoring a budget including:

- (i) Importance of making every possible effort to establish a realistic budget**
- (ii) Making every effort to identify and recognise savings at the first opportunity**
- (iii) Report formally to the Finance Sub-committee and/or Governing Body on the conclusions of financial monitoring reviews during the year and consider the use of any underspend and record the resolution**
- (iv) Review financial expectations within the 'School Development Plan' and identify if it is required/opportunity to prioritise development plans when financial resources are available.**

(B) Estimate of School Balances 31 March 2014

(a) A projection was submitted to the Forum of the total school balances on 31 March 2014, and on the basis of the information it was suggested that the balances of all Gwynedd schools may be reduced by £200,000 (or more) by the end of the 2013/14 financial year to £3.539m, corresponding to 4.9% of the schools' financial allocation. It was further suggested that the number of schools with a financial deficit could be reduced from 12 on 31 March 2013 to 7 (or less) on 31 March 2014.

(b) Members were guided through the financial sheet with the balances for 31 March 2014, and it was noted that research suggested that balances would be between £3,027,000 and £3,539,000. In the opinion of the Development Finance Manager they should look at balances of individual schools and it was trusted that by offering financial training and guidance that this would lead to better budgetary management at a time when the financial climate is critical.

(c) In response to the above, the following points were highlighted:

- Would it be possible to consider changing the financial year for Schools to be from September to September, rather than from April to April.
- That 76 schools had more than 5% balances and discussions were required in order to change historical thinking and there was no need to keep so much in the balances.
- As a matter of principle, schools who receive protection should not retain balances of more than 5%.

Resolved: (a) To approve that the Finance Department:

- (i) Looks at the balances of individual schools**
- (ii) Consider robust guidance to Head teachers for using balances**
- (iii) Consider that the budget is allocated on the basis of the educational year namely from September to September.**

(C) Report on the Consultation to establish a threshold of 5% or £50,000/£100,000 whichever is the smaller

The Head of Education referred to a letter sent to Head teachers and Chairs of School Governing Bodies in Gwynedd regarding the Forum's resolution at its meeting on 19 November 2013, to consult on the review of the balances guidance scheme as follows:

"Head of Education to consider implementing the right to instruct schools on how to spend an element of their balances in situations where balances exceed 5% or £50,000 (Primary) / £100,00 (Secondary and Special Schools) whichever is the smaller.

Schools were requested to approve the revised plan by 23 May 2014 and a further report will be given on the observations received to the Schools' Budget Forum in June 2014.

Resolved: To accept and note the above.

6. GWE SERVICE LEVEL AGREEMENTS 2014/15

A letter dated 12 February 2014 was presented by the Head of Education to Head teachers and Chair of Governors regarding curricular support.

The Head of Education referred to the contents of the above letter regarding not to devolve 'Curricular Support' to schools from 2014/15 onwards in order to ensure full compliance with the guidance of the Minister for Education and do away with bureaucracy linked to the current Service Level Agreement.

The Head of Education reported on the observations received up to 3 March 2014 as follows:

- (i) *"We welcome the proposal on condition that the quality of the training offered is of a quality standard and that schools have a full input in relation to the contents of the training".*

In response, the Head of Education noted that it was a process of establishing a procedure to identify training needs. They would organise arrangements for the Secondary sector and there would be a network of primary coordinators via the SEG grant.

- (ii) *"The Body is disappointed that no curricular support exists now as part of the new service by GwE. We understand that there is a need to monitor and challenge schools to achieve their best but should not GwE also have an Advisory Teachers Section as CYNNAL had previously? An especially valuable resource was lost when the door was closed on CYNNAL. It is quite easy to challenge and criticise, but what about 'assistance' and 'support'? We feel that it is a huge mistake to do away with 'Curricular Support'.*

In response, the Head of Education reported that this was the balance that the Chief Officer of GwE referred to, and what would be offered in the SLA (Service Level Agreement) with authorities as well as the ability to work with other schools and to better identify and interpret the support required.

- (iii) *"Ensuring quality training to staff is a problem these days – especially through the medium of Welsh. There is a huge loss after CYNNAL".*

In response, the Head of Education reported that the Chief Officer of GwE, the authority and the schools were very aware of the need for full provision through the medium of Welsh.

- (iv) Reference to the following sentence in the Head of Education's letter:
"I will now remind you of what I have already presented to the Finance Forum regarding our intention as an Authority not to devolve finance for "Curricular Support" to our schools from 2014/15 onwards".

My recollection of the discussion in the Finance Forum was that it was not said that it was 'proposed' not to devolve the finance, but it was a 'possibility' that the money would not be devolved. In reality, it was more of a 'threat' than a 'proposal' especially if every school did not comply with the request this year to contribute finance to GwE.

In response, the support of each school was gratefully acknowledged and it was noted as the letter stated, that this funding would not be devolved again. On the basis of the Council Leaders agreement with the Education Minister, it was expected that all the money linked to the School Improvement field would be transferred on a formula basis to the Regional Consortia, in the case of this authority to GwE.

In response to a comment made by the Teacher's Unions representative regarding concern highlighted by schools regarding challenging, monitoring and the support by GwE, the Head of Education explained that they would have to wait for the GwE Chief Officer's annual report and the proposals bearing in mind that only a year had elapsed since GwE had been established.

Resolved: To accept and note the above.

7. SERVICE LEVEL AGREEMENTS 2014/15

The Senior Education Manager reported on the Service Level Agreements 2014/15 and noted that in terms of Secondary Catering SLA that the Education Service was anxious to see more analysis and were eager to extend the agreement for another year in order to be in a situation by 2015 to run the service to support primary, secondary and special schools at the same time.

In order to facilitate the process for Head teachers, it was proposed to release one form to schools listing all the Service Level Agreements with a request for the schools to complete the form noting their wish to purchase the service or otherwise.

A further report would be presented to the next Forum meeting stating what schools had committed to the SLA.

Resolved: To accept and note the above.

8. ANY OTHER BUSINESS – SCHOOL GRANTS 2014/15

A report was presented to the Forum during the meeting by the Head of Education on the above, and the Education Quality Improvement Officer who manages the Monitoring of Grants explained the arrangements and the devolved finance sums of grant monies and the accountability attached to them.

It was noted that every school would receive details of their allocation for SEG, PDG and LAC grants during April 2014 following sharing the new pro forma and operational guidance during the grants workshops in March 2014.

(a) School Effectiveness Grant (SEG) – every authority is asked to devolve 80% of the SEG this year with the value of the grant decreased in real terms for 2014-15. Clear guidance was received from the Government that the priority fields for any grant expenditure will be Numeracy, Literacy and Reduce the Impact of Poverty and Disadvantage.

Every school will be required to submit an Expenditure and Action Plan that corresponds with the GwE scheme, to include expenditure and action details under sub-headings of the two priorities (Literacy/Numeracy and Reducing the Impact of Poverty) with **outcomes for learners and costs** clearly noted.

GwE is requested to submit detailed financial reports three times a year to the Government based on the plans. The schools and the authority are expected to submit clear evidence of the 'impact' of any expenditure on achievement /learning outcomes of pupils e.g. improve reading / numeracy results.

(b) Pupils' Deprivation Grant (PDG) – this grant will be devolved completely to schools based on £918 per head for every FSM pupil (free school meals that were on the PLASC) in January 2013. Attention was drawn to the fact that the Government expect the grants will make a difference and schools are expected to submit their expenditure schemes and report on the impact on children in the same manner as the SEG Expenditure and Action Plan.

(c) Pupils' Deprivation Grant – Looked after children (LAC) – that this allocation would double and it was expected that schools would justify the expenditure in accordance with the requirements for PDG and SEG.

(ch) Welsh Language in Education Grant (WEG) - It was noted that this grant was shared in accordance with the requirements of the strategic plan for the Welsh Language.

(dd) Secondary Schools Grant Band 4/5 – a grant of £10,000 was allocated to the secondary schools in Gwynedd within bands 4 and 5 to raise standards. It was noted that there were two secondary schools in band 4 this year.

Resolved: To accept, note and thank the officer for the report.

9. DATE OF NEXT MEETING

Resolved: The next Forum meeting will take place on Wednesday, 18 June 2014 at Tremadog.

CHAIRMAN