

## Schools Forum

**Minutes of meeting held on Tuesday, 20<sup>th</sup> January, 2009 at 6.00 p.m. at Beechdale Lifelong Learning Centre, Stephenson Square, Beechdale, Walsall at 6.00 p.m.**

**Present:-**

- Mr. J. Baker (Chairman)
- Mr. A. Davies (Vice-Chairman)
- Mr. A.F. Cheminais
- Mrs. E. Maher
- Mr. S. Flynn
- Mr. J.P. Clarke
- Ms. H. Lomas
- Mrs. E. Stringer
- Mr. E. Gee
- Mr. M. Barton
- Mr. F. Hodgkinson
- Mrs. M. Letts
- Mrs. K. Delaney
- Mr. A. Bowater

**In Attendance:-**

- Julie Taylor (Walsall Children's Services - Serco)
- Avril Walton (Walsall Children's Services - Serco)
- Dawn Morris (Walsall Children's Services - Serco)
- Mr. David Brown, Executive Director, Children's Services (Walsall Council)
- Lesley Jones (Walsall Council)
- Di Lucas - Short Heath Junior/Rosedale CE Federation
- Jeanette Latham-Bennett (Bentley Drive Primary)
- Diana Davies (Edgar Stammers Primary)
- Lorraine Johnson (North Walsall Primary)

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<b>1. 20.1.09</b>	<b>Apologies</b>  Apologies for non-attendance were submitted on behalf of Mr. S. Griffiths, Mr. G. Crowther, Miss S.M. Bradford and Mr. M. Sweeney.	
	The Chairman welcomed staff from primary schools attending the meeting.	
<b>2. 20.1.09</b>	<b>Minutes - 9<sup>th</sup> December, 2008</b>	Approved as a correct record,

		subject to addition of Avril Walton under Apologies.
<b>3. 20.1.09</b>	<b>Matters arising from the minutes</b>	None.
<b>4. 20.1.09</b>	<b>Local Government (Access to Information) Act, 1985 (as amended)</b>  There were no items to be considered in private session.	
<b>5. 20.1.09</b>	<b>Central Education Limit Budget 2008/9</b>  A report was submitted.  Julie Taylor, the Head of Finance, Walsall Children's Services - Serco reported that the Dedicated Schools Grant (DSG) was showing a break even position for 2008/09 due to reduced central expenditure. This was excellent news as it meant that no deficit would be carried forward into the 2009/10 financial year.	Julie Taylor
<b>6. 20.1.09</b>	<b>Start-up Costs for Building Schools for the Future/Primary Capital Programme (BSF/PCP)</b>  A report was submitted.  Julie Taylor said that it was agreed at the last Schools Forum that the principles for raising the schools contribution of £2 million per year towards the start-up costs of BSF and PCP would be decided at this meeting. The report set out a number of funding models that would deliver a total contribution of £4 million and Members were asked to agree a preferred option.  Julie said that the aim was to make the school contribution as painless as possible and they had looked at a number of options that were manageable at school level and that would have the least impact on Minimum Funding Guarantee (MFG).	

	<p>Julie said that £160 million was delegated to schools and the bulk of this was through school budgets. This meant, therefore, that a large proportion would have to come from the Individual Schools Budget (ISB). It was realised that this would not be easy for schools to find but it should be remembered that this would be a short term contribution for two years and should be considered alongside the £600 - 700 million capital investment available to the Council over a number of years for the transformation of learning in Walsall.</p> <p>Referring to the report, Julie said that various options had been examined to find the most cost-effective way of achieving the £2 million contribution at minimum impact to schools. Section 2 of the report detailed different funding options and the funding sources identified to provide the agreed contributions.</p> <p>In respect of the five secondary schools selected under wave 6a of BSF, it was recommended that they make a contribution of £40,000 from their Devolved Formula Capital (DFC) allocation for 2009/10 and 2010/11. Sufficient funding would need to be retained in their school budgets to cover essential repairs and to maintain ICT infra-structure. Primary schools with significant capital investment would be expected to contribute in the region of £10,000 per annum from their DFC.</p> <p>Julie said that in respect of Extended Schools Grant Funding, it was recommended that £200,000 be taken from the 2009/10 and 2010/11 allocations. This would allow some increase in funding in 2009/10 but would reduce funding back to almost 2008/09 levels in 2010/11. The reduction in funding would be applied to the grant elements to be devolved to schools.</p> <p>Referring to Paragraph 2.3.3, Julie said that despite all attempts to secure alternative funding, the majority of the BSF/PCP contribution would have to be found from the Individual Schools Budget (ISB). She said that a number of formula options had been investigated that would minimise the number of schools in MFG and the associated costs.</p> <p>A paper "Worked Example of the Impact of the Application of MFG" on schools was circulated at</p>	
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	<p>this point in the meeting.</p> <p>Julie said that the per pupil MFG had a major impact on any formula or resource changes. The DCSF had been approached about the possibility of removing the temporary formula adjustment from the MFG for the next two years but had not yet responded to this request.</p> <p>Referring to school balances, Julie said that the Government was concerned about the large amount of funding retained by some schools in their balances. These balances were coming under increasing scrutiny from both the Treasury and the Audit Commission. The DCSF had given Local Authorities three years to reduce school balances and if this were not done, there would be legislation to achieve this. The DCSF believed this to be fair because of the huge amount of investment that was being put into education.</p> <p>Julie said that Schools Forum was asked to agree their preferred funding option for the recovery of money from ISB and various options were set out for consideration in the report. The options in Table 1 were based on a reduction of £1.6 million per year over the next two years and those in Table 2, a reduction of £2 million per year over the next two years.</p> <p>Julie said that it was recommended to Schools Forum that the DFC and Extended Schools Grant income be used, alongside the most transparent and cost-effective option for the recovery of money from ISB.</p> <p>Referring to Option 1, Julie said that this involved increase AWPU of 1.6% in 2009/10 and 2.0% in 2010/11. This was considered, however, to be too complex and not transparent as schools would have difficulty identifying their BSF/PCP contribution and MFG would make it difficult to recover contributions from nursery and special schools.</p> <p>Julie said that Option 2 (or Option 3 subject to DCSF approval) which were detailed in Table 1 of the report were the recommended options. Based on a reduction of £1.6 million per year, Option 2 attempted to distribute the costs fairly across schools. There would be a lump sum of up to</p>	
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	<p>£11,000 per primary school, subject to MFG limit in Year 1, up to £46,000 for secondary schools, £2,000 per nursery school and no contribution from special schools as they were mostly on MFG. There would be slight increases in these amounts in Year 2.</p> <p>Referring to Option 3, again based on a reduction of £1.6 million per year, Julie said that there was a mechanism for spreading the costs equally across all schools but the approval of the DCSF would be needed to exempt all schools from MFG for a two year period with effect from April, 2009. If this were possible, it would mean that some funding could be taken from every school's budget on a equal basis. If accepted, the exception would mean that over two years, all primary schools exempted from MFG limit would contribute £22,500, secondary schools £96,000 with contributions from nursery schools exempt from MFG and special schools outside of MFG. It would also result in a number of additional schools coming out of MFG.</p> <p>Forum Members then commented on the proposals.</p> <p>Mrs. Stringer was concerned about the proposals to use school balances. She said that many schools retained larger balances for specific projects. She was also concerned about the impact of these proposals on the three year indicative budgets which enabled Head Teachers to plan for the future.</p> <p>Mr. Cheminais said that school balances were spread unevenly. Some schools had huge balances and others very little in reserve but it would be wrong to penalise those schools that worked within a reasonable balance and to reward bad behaviour. He also queried Option 3 and the proposal to seek exemption from MFG for a two year period. He said that Schools Forum had discussed many times the need for budgets to be pupil driven. Primary schools varied in size and he was concerned about the effect on schools with 150 children being asked to contribute the same amount as a school with 600 children. The proportional effect on smaller schools would be much bigger and this could not be ignored when looking at the methodology for raising the start-up costs of BSF/PCP.</p> <p>Julie said that if the DCSF gave approval for Option 3, they would be re-examining per pupil options and</p>	
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	<p>MFG and would be bringing proposals back to Schools Forum. MFG was a requirement in the Financial Regulations but this did not mean that every school was funded at exactly the right amount. There were anomalies in MFG that protected schools with generous levels of funding.</p> <p>Mr. Flynn said that Schools Forum had accepted that BSF/PCP was a good idea but there must be a mechanism for funding the school contribution that would minimise the financial impact on schools. His school had benefited greatly from PFI by spending less on maintenance in the years building up to PFI and he believed it was important to re-examine DFC.</p> <p>Mr. Flynn said that as Year 2 rolled out there would still be a need for central expenditure for BSF/PCP and difficult decisions would need to be made in two years time to try to return ISB to where it should be. Schools involved in the second wave would still have external costs for consultants, analysts, etc and he believed that they should try to bring down the overall figure of £2 million and then look at the models for raising this contribution from schools.</p> <p>David Brown said that if Walsall were included in wave 7 this could result in the process being rolled forward into one programme but it was difficult to predict at this stage and a lot was dependent on deliverability.</p> <p>Mr. Flynn was concerned that if the waves were rolled together this would have a serious impact on ISB and those currently in compulsory education. If schools were left with depleted budgets this could lead to redundancies. He was supported in this view by Mr. Hodgkinson who said that schools at the end of the programme might have ceased to exist by that time because of falling rolls.</p> <p>Avril Walton said that Walsall was fortunate in that it could learn from the experience of other Authorities already part of the programme. It was known that the costs were greater in the earlier years and that to deliver on wave 6a and possibly wave 7 over the next five years would need a contribution from schools although this was unlikely to be as large in Years 3 and 4.</p>	
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	<p>Ms. Lomas said that it was important to ensure that BSF/PCP was monitored properly and that mechanisms were implemented to ensure transparency.</p> <p>Mr. Hodgkinson queried why Schools Forum had not been consulted on the criteria for the schools selected for inclusion in wave 6a.</p> <p>Avril said that a complicated mechanism was involved in respect of schools selected under wave 6a but that a robust process had been undertaken in compliance with BSF/PCP requirements. Criteria such as condition, standards and deprivation were taken into consideration and there had to be a balance between schools requiring a complete new build, major refurbishment or light refurbishment. The criteria did not allow for all new builds to be at the beginning of the programme and there had to be some light refurbishment projects to balance this up. She apologised for not sharing this information with schools previously but said that it was now planned to give schools more information on BSF/PCP criteria.</p> <p>Mr. Clarke said there would be a great impact on individual schools which were not to benefit in the first few years of the programme. Budgets were tight. He was concerned that this could result in redundancies and this was something Schools Forum must consider very carefully. He believed that increasing DFC contributions should be re-examined as this could alleviate the effect of the school contribution on schools that would not benefit from the programme for perhaps five years.</p> <p>Julie Taylor said that this option would need to be agreed with the Council's Capital Accountant and Auditors as there were very strict financial regulations in respect of the use of capital expenditure. She said that if it were the wish of Members, this option would be pursued.</p> <p>Mr. Bowater said that school total balances had actually increased by £8.7 million in four years. He believed that Schools Forum should consider what this increase was likely to be at the end of the current financial year and to see how this could be used to help fund Year 1 of BSF/PCP. He said that BSF/PCP was not a two year cost but potentially a</p>	
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	<p>six or seven year cost for schools. Members needed to have a further indication of the lead-in costs and what the costs would be after Year 2.</p> <p>Julie Taylor said that Schools Forum could approve a change to the school funding scheme and this could result in Year 2 contributions being reduced. She said that if it were the wish of Schools Forum, proposals for a scheme would be investigated and brought back to Schools Forum.</p> <p>Mr. Cheminais said that it was the role of Schools Forum to explain to colleagues that schools would gain in the long term from BSF/PCP through a £600 - 700 million investment in our schools. He believed it was important not to confuse transparency with simplification as this was a very complex process and a model needed to be devised that would set a precedent for the future so that the whole process would not have to be repeated in two or three years time.</p> <p>Following discussion, it was <b>AGREED:-</b></p> <ol style="list-style-type: none"> <li>(1) That at this stage the school contribution to the start-up costs of Building Schools for the Future (BSF) / Primary Capital Programme (PCP) be reduced from £2 million to £1.6 million per year for the period 2009/10 and 2010/11 with the proviso that this can be reconsidered if necessary with further details provided;</li> <li>(2) That Schools Forum receive clarification on what the contribution will be used for and why it is considered up to £2 million is required;</li> <li>(3) That a mechanism be established to keep Schools Forum informed of the BSF / PCP start-up budget and to receive regular monitoring reports on the progress of the project and associated costs; this to include any future recurrent costs beyond the two year period;</li> <li>(4) That the Council's Financial Services be asked to look at the Scheme for Financing schools and financial regulations in order to establish whether it would be possible to use interest from School Balances to contribute to the BSF / PCP start-up costs;</li> </ol>	<p>Julie Taylor / Avril Walton / Dawn Morris</p>
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	<p>(5) That Schools Forum review the School Balances control mechanism with a view to using any surplus balances to contribute towards BSF / PCP start-up costs and the possibility of implementing this in 2009/10 to contribute towards the 2010/11 BSF / PCP funding requirement;</p> <p>(6) That Walsall Children's Services – Serco be asked to write to the Department for Children, Schools and Families (DCSF) to request agreement to varying the application of Minimum Funding Guarantee (MFG) for the 2009/10 and 2010/11 financial years by adding the temporary additional formula factor as an exclusion from the MFG calculation in respect of BSF / PCP;</p> <p>(7) That Devolved Formula Capital (DFC) contributions be re-examined with a view to increasing the sum in 2009/10 and 2010/11 and in doing so that it be noted that this option would need to be agreed with the Council's Capital Accountant and/or Auditors.</p> <p>(8) That £200,000 be taken from the Extended Schools Grant Funding in 2009/10 and 2010/11 to reduce the impact on the Individual Schools Budget (ISB);</p> <p>(9) That a decision on the final method and amounts to be taken from ISB be made at the next meeting.</p>	
<p><b>7. 20.1.09</b></p>	<p><b>Forward Plan</b></p> <p>A copy of the Forward Plan was submitted.</p> <p>It was <b>AGREED</b> that the following items be added to the Forward Plan for the next meeting:-</p> <p style="padding-left: 40px;">Review of School Balances - Balance Control Mechanism - Julie Taylor</p> <p>It was also <b>AGREED</b> that Building Schools for the Future/Primary Capital Programme be placed at the top of the list of items.</p>	<p>Clerk to action</p>

<b>8.</b> <b>20.1.09</b>	<b>Correspondence received</b>  None.	
	<b>Date and time of next meeting</b>  It was <b>NOTED</b> that the next meeting of Schools Forum would be held on Tuesday, 3 <sup>rd</sup> March, 2009 at 4.00 p.m. at Blakenall Village Centre, Thames Road, Blakenall, Walsall.	

The meeting terminated at 8.07 p.m.