

**MINUTES OF A MEETING OF THE LEARNING AND SKILLS SCRUTINY
COMMITTEE HELD AT COUNCIL CHAMBER, COUNTY HALL - COUNTY HALL ON
MONDAY, 18 NOVEMBER 2019**

PRESENT

County Councillor P Roberts (Chair)
County Councillors B Davies, S Davies, D R Jones, K Laurie-Parry, L Roberts
and G Thomas
Parent Governor Representative S Davies
Church Representative M Evitts

In attendance:

County Councillors A Davies (Portfolio Holder for Finance and Transport) and P
Davies (Portfolio Holder for Education and Property)

L Lovell (Interim Head of Education), J Thomas (Head of Finance), N Owen
(Finance Manager) and E Patterson (Scrutiny Officer)

1. APOLOGIES

Apologies for absence were received from County Councillor E Roderick and
Parent Governor A Davies and G Robson.

2. DECLARATIONS OF INTEREST

No declarations of interest were received.

3. DECLARATIONS OF PARTY WHIP

No declarations of Party Whip have been received.

4. SCHOOLS SERVICE FINANCE

The Interim Head of Education introduced the report outlining it was an update
on the position that had last been reported to scrutiny in June 2019.

*It is noted that the Officers and Portfolio Holder before scrutiny today had not been in
their current roles when the budget was set earlier in the year. There has been a view
from Welsh Government and Powys County Council Cabinet that the schools
delegated budget must be protected at all costs. The Estyn*

*report is critical of the cuts made to central services and that there is no
monitoring of initiatives and yet the service are still projecting a £0.5million
deficit.*

The Interim Head of Education acknowledge that Estyn had found the cuts that
had been made, for example to the Learning, Inclusion and Support Team
(LIST), of concern. The service are undertaking a further ALN review including

benchmarking to recognise gaps and identifying what is being provided and how effective this provision is. It is necessary to ascertain that the correct efficiencies are being made. It will be a challenge to find £0.5 million to meet the overspend alongside delivering the improvement outlined in the Post Inspection Action Plan (PIAP). The Estyn Inspection was unusually critical of the Central Schools Service with only one of the five recommendations relating to schools.

The Schools Service briefing report is based on information available to 30th September 2019 and forecasts the outturn at 31st March 2020 thereby detailing the half year position.

The £11k overspend in Schools Central is a result of overlap in the senior management arrangements.

The £39k overspend in school improvement is made up of 3 main areas

- £70k overspend in the early years budget in relation to an efficiency that was put forward by the Service, this will be reviewed now September intake is known in the settings and a review of the funding requirements for the remaining financial year to identify if there are further savings that can be made to mitigate this overspend
- £17k overspend in relation to staffing and a shortfall on efficiency that was put forward due to timing of a staffing restructure
- Approx £51k underspend in relation to slippage on staffing budgets, as a result of seconded staff and vacancies.

What impact did not backfilling seconded staff have on the service?

The seconded staff are part of the Athrawn Bro team. The service provided by schools has continued with school specific work shared between the remaining team members. There has been a loss of strategic capacity but that has been offset by the work undertaken by these staff in their ERW capacity.

Has there been a detrimental effect on the end user or the team?

Schools are still receiving a service and there has been no detrimental effect on the team who have seen it as an opportunity to develop leadership skills.

The report notes a £205k overspend in Schools Operational costs with £122k assigned to inflation in contracts (£50k in 18/19 and £70k in 19/20). Why is this showing as an overspend. Are the contracts wrongly priced at the beginning?

Budget arrangements in 2018/19 and 2019/20 have required that inflationary pressures were to be found within the service. The service have been working with the finance team to identify how this saving can be found and how this can be better addressed within the Integrated Business Plan going forward.

The inflation in contracts relates to the Freedom Leisure contract.

Why does this relate to two years of inflationary pressures. It appears that these issues are not being addressed.

The Portfolio Holder for Finance agreed to find out why this had not been addressed in 2018/19 and provide this information after the meeting.

Why is there an overspend on a rates bill which is understood to be cost neutral to a school?

This relates to the rates bill for a new school the sum of which had been underestimated with the difference needing to be met centrally this year. Rates bills for new builds are estimated and can change when the property is valued on completion with potential for both an under or an over estimate. This is not a recurring overspend as in future years the school will receive and spend its exact rateable value.

The Portfolio Holder observed that the report as presented was lacking in information regarding the overall position of the schools' budget.

The Head of Finance noted that as the responsibility for budget scrutiny was moving from Audit Committee to the Scrutiny Committees it was intended to examine the information provided to Members to assist them in this task. A series of training events had been arranged for Members to assist them carry out this role. It is intended in future years that rather than expecting services to manage inflationary pressures within their budget these will be identified separately, and it will be clear where these will be funded from.

This paper outlines the information to 30th September. It is now mid-November, has the position improved?

The Scrutiny Officer advised that it had been intended to consider this paper on 30th September 2019 but this was deferred to allow consideration of the Estyn Inspection Report.

The forecast overspend at 31st October had improved from a £506k overspend to a £270k overspend. This improvement is as a result of a review of the savings targets in the area of ALN and specifically a reduction in the forecast spend on out of county placements and an increase in income from other authorities. The cost of placements remains volatile.

Is this improvement down to good fortune or good management?

The Portfolio Holder noted that the improvements were due to the team actively addressing the issues.

A further area of improvement since the June report is the reduction of the Schools Central overspend from £64k to £11k as a result of being able to identify savings within budget lines that could be used to fund the additional contribution that was not anticipated for the EIG match funding.

What does the overspend of £15k on emergency works relate to?

The Interim Head of Education noted that emergency works were assessed by the Portfolio Holder and Head of Education before any spend was agreed.

Schools are still reporting problems with the Heart of Wales Property Service and are querying the value for money of this service.

The Portfolio Holder advised that a five year agreement had been agreed by the last Council which was implemented in 2017. The service is run jointly between the council and Keir and should be able to demonstrate value for money.

Recommended that Co-ordinating Committee be asked to ensure that value for money is considered when HoWPS next attend the Economy, Regeneration, Communities and Governance Scrutiny Committee.

The Pupil Inclusion service has reduced the projected overspend from £162k in June to £58k in September. One of the main reasons for the reduction is that Inclusion Officers have not been appointed. However, gaps in provision have been identified for example with speech and language and autism support. Estyn identified that whilst expenditure on ALN is being incurred the impact of this provision is not known. An ALN review is ongoing to identify gaps, benchmark and put in place plans for improvement.

Recommended that future reports should identify specific areas where efficiencies cannot be met to allow scrutiny to go back to the Impact Assessments to ascertain if these had been highlighted.

What is the Band 1 pupil funding which is currently projecting a £45k overspend?
Pupils with ALN are placed into Bandings at Panel which equates to an amount of money a school will receive to support a pupil. Schools can put in requests to Panel for top-up funding.

Banding information to be provided.

Will the Education Service have to appoint more staff to cover the gaps identified in ALN provision?

The review of ALN will identify the skills that staff in the 23 Specialist Units across the county have. It may be that teachers or support staff in the Specialist Units are able to provide this support as Outreach. The outcome of this review will identify if a skills gap still exists. The review will also examine how pupils access and exit a unit and the potential for cluster working given not every school has a unit.

Are Specialist Units destinations in themselves?

There is a revolving door policy with many pupils accessing mainstream education as well as education within the Unit. Many pupils leave a Unit in primary school and access mainstream provision in high school.

Recommended that the ALN review of Specialist Units be made available for scrutiny.

Are parents able to choose to access mainstream early years provision rather than sending their child to a setting with a unit?

Parents are able to choose where to send their children.

The Youth Service is still overspent by £16k due to a combination of factors including staff and travel and other general overspends on supplies and services.

The Portfolio Holder advised that management of the Youth Service was moving to Education but that Portfolio Holder responsibility remained with Leisure Services.

The Head of Finance advised that an unachieved efficiency of £120k for school closures was part of the overall undelivered savings of £5million that the Senior Leadership Team were reviewing as part of the budget setting process for next year. It was confirmed this was not a cumulative figure.

The Schools Service and Finance Service have worked closely on the schools delegated budget issuing 11 Warning Notices to schools with deficit budgets at the end of the summer term. Since then there have been a considerable number of meetings with these schools. The service has met with Governing Bodies to discuss the options available and what happens if the actions identified in the Warning Notices are not met. All the schools are working with the service and further meetings are planned in December. As a result of the work undertaken with the schools service, the finance service and the schools an improvement in the financial position is being recorded.

The budgeted use of reserves and forecast was updated as follows:

School Sector	Opening Balance	Cabinet Budgeted Contribution/ (Use)	Budgeted contribution (use) of reserves as at 30/10/19	Forecast over/ underspend as at 31/8/19	Closing Balance 31/3/20
	£'000	£'000	£'000	£'000	£'000
Primary	2,582	(1,330)	(1,085)	146	1,643
Special	(123)	(165)	(67)	25	(165)
Secondary	(2,381)	(1,673)	(1,738)	544	(3,575)
Total	78	(3,168)	(2,890)	715	(2,097)

The Interim Head of Schools confirmed the authority had been on the cusp of using the powers outlined in the Warning Notices but all schools were now working with the service to a greater or lesser degree. Some issues remain with some schools and some Governing Bodies but the Schools Service have attended meetings and outlined the steps needed to avoid removal of delegation. The Portfolio Holder confirmed that LEA Governors had been key in moving this forward.

Warning Notices will stay in place until the plans introduced to reduce deficits are implemented and having the desired effect. However, it is clear that major change is needed in Powys schools to satisfy Estyn.

The Estyn report recognises that the Funding Formula is now more transparent however, there are still some schools that are struggling, some because of the change in formula and some because of budget management issues. The service are arranging training for School Governors in financial management. In year pupil changes are causing difficulty which is being considered under the Funding Formula Review.

To what degree can the reorganisation of school's impact on school budgets?

Work on reorganisation has reached the options modelling stage which when complete will highlight the impact on the changes on school budgets.

Are schools increasingly relying on reserves?

The Portfolio Holder for Finance confirmed this was the case. Last year the schools delegated budget had £78k of reserves with surpluses in primary

schools cancelling deficits in secondary schools. This is getting worse year on year and is of great concern.

What will be the impact on the Council of increasing school deficit reserves?

The Head of Finance confirmed that schools finance is ringfenced and there schools with deficit budgets are required to pay the deficits back unless the school is closed. This year will be the first time that school deficit budgets exceed school surplus budgets.

The funding formula is limited to paying for the education of pupils in school. How can schools be realistically expected to pay back deficit budgets? If the authority is responsible deficits when a school closes what is the risk of acquiring responsibility for a series of deficit budgets as school reorganisation moves forward?

School reorganisation will affect all schools and there is guidance around managing budgets for schools in the last year before closure to protect against the risk of poor financial management. This has been invoked in respect of two schools that are closing next year in relation to staffing appointments and general spend which must be authorised by the Authority.

Is it possible to use capital monies to fund this gap in education funding?

The Portfolio Holder for Finance confirmed that it was not possible to use capital funding for revenue expenditure.

The Portfolio Holder for Education confirmed that the authority was speaking to Welsh Government about the costs of providing services in a rural authority.

The Interim Head of Schools concluded that the service were aware of the scale of challenge faced in delivery of the PIAP whilst ensuring that the service is provided within budget and that agreed efficiencies are made. The service is monitored by the Improvement and Assurance Board and scrutiny to ensure that this happens.

5. CHAIR'S BRIEFING

The Chair advised that he was meeting regularly with the Interim Head of Education and the Work Programme is updated in light of these meetings.

A Member expressed a view that it was unfortunate that this meeting had been called to discuss a single item. The Chair confirmed it had been intended to look at this paper at an earlier meeting but it had been necessary to move items around on the work programme to accommodate consideration of the Inspection Report.

6. WORK PROGRAMME

The Work Programme as outlined on the agenda was noted subject to the deferral of the meeting on 25th November 2019 looking at the WESP.

County Councillor P Roberts (Chairman)