

**MINUTES OF A MEETING OF THE LEARNING AND SKILLS SCRUTINY
COMMITTEE HELD AT BY TEAMS ON MONDAY, 6 JULY 2020**

PRESENT: County Councillor P Roberts (Chairman)
County Councillors J Berriman, S C Davies, D R Jones, K Laurie-Parry, L Roberts,
JG Morris and Co-opted Members Mrs A Davies, Mrs S. Davies, Mrs M Evitts,
G Robson and Mr J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillors P Davies (Portfolio
Holder for Education and Property), A W Davies (Portfolio Holder for Finance,
Countryside and Transport)

Officers: L Lovell (Interim Chief Education Officer), G Rees (Education Consultant),
Wyn Richards (Scrutiny Manager and Head of Democratic Services), Jennie
Spraggon (Finance Business Partner), Jane Thomas (Head of Finance) and Mari
Thomas (Finance Manager)

1.	APOLOGIES
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There were no apologies for absence.

2.	DECLARATIONS OF INTEREST
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There were no declarations of interest from Members relating to items for
consideration on the agenda.

3.	DECLARATIONS OF PARTY WHIP
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The Committee did not receive any disclosures of prohibited party whips which a
Member has been given in relation to the meeting in accordance with Section
78(3) of the Local Government Measure 2011.

4.	REVENUE OUTTURN AND CAPITAL POSITION REPORTS FOR 31 MARCH 2020
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Documents Considered:

- Revenue Outturn Report and the Capital Position for 31st March 2020 in
relation to the Education Service and Schools

Issues Discussed:

- The revenue outturn position for 2019/20 is an underspend of £1.46m
against the working budget (excluding schools and the HRA). The figure
includes cost reductions delivered of £15.79m, 73% of the £21.20m target.
The Education Service budget had an overspend of £172k whilst the
Schools Delegated budget had an underspend of £1.3m.
- School budgets were set with an expected £3.17m call on reserves.
However at year end the call on reserves was only £0.99m. School
balances have moved from a surplus position in April 2019 to a deficit of
£0.91m in April 2020.
- The primary sector has a surplus of £2.6m with deficits in the secondary
and special sectors of £3.5m. This is a risk in term of school budgets and
forward projections are of concern. Schools have been given additional

- time to submit their budget plans for 2020-21. Not all schools are reporting their budgets as effectively as they could be during the year and more work needs to be done on managing budget and forecasting.
- Education Service budget (overspend of £172k). ALN had a further underspend due to a reduction in out of county placement costs and increased income. There were revenue costs relating to feasibility studies for capital projects which are no longer feasible which amounted to £266k. The effects of responding to the PIAP and transformation also had an effect on the budget such as moving ahead with the staffing re-structure.
 - Schools delegated budget – there had been work between the Finance and Education Service staff to identify areas for efficiency savings with individual school leadership teams. However, there is further work in reducing school deficits and training school business managers so that predictions for year end and coding is undertaken appropriately.
 - Questions:

<p>In the supplementary information provided, there was an anticipated outturn for primary schools of a £1.3m overspend, but the actual outturn was a surplus of £63k. Is this poor forecasting or good work with schools to improve savings made as this is significant turnaround.</p>	<p>The Council is in a phase of changes to budgets. The historical budget setting led to a lack of scrutiny and transparency as criticised by Estyn. These figures are a result of the reconfiguration of budgets, and this was the first period based on the revised budgets. With the change of formula the predicted deficit did not come to fruition. The new interim formula has made small schools viable entities, with high schools being in deficit positions. However this does not give a mechanism for the future which is the next stage of the budget review, which due to Covid-19 has not been undertaken as yet. All schools are also now aware of a need to operate in tighter budget parameters.</p>
<p>In terms of the ability of schools to turn significant deficits around, is there still a problem in the formula and why are primaries still have variances in budgets.</p>	<p>There are a mix of reasons for variances in budgets which includes staff cover, grant funding not appearing in budgets until late in a financial year, rather than the detail being available at budget setting. Some schools are prudent in forecasting income, but this is not always built into their plan and needs to be captured during the financial year and not at year end.</p>
<p>Can it be confirmed that there is no virement from any other budgets into school budgets e.g. from 21st</p>	<p>No, 21st Century funding does not support the delegated school budget.</p>

<p>Century funding.</p>	
<p>Regarding secondary school overspends and compliance plans, does the Council need to do more work regarding skills at teacher management and governor levels.</p>	<p>There is always room for improvement. Training is undertaken with leadership teams and governors. The PIAP has identified a need for improvement in training. The Council has teamed up with Portal training and business managers have been trained by them funded by grants from Welsh Government. Area cluster business managers need to be developed this year. Local authorities have always undertaken across systems, but it is important to bring in business skills as well as education skills and getting this right is important for local authorities.</p>
<p>Are there any trends in terms of overspends by secondary schools. Would the impact of the additional funding this year wipe out deficits.</p>	<p>Compliance would be considered by scrutiny in September. All schools budgets were in the process of being evaluated. The budgets for secondary schools are better than previously. Recognising the issue regarding TLRs has given a £1m benefit to secondary schools. However, the structural challenge needs to be addressed as well i.e. the capital challenge. There is a need to bring the revenue budget to a place where it can deliver the curriculum. The main issue is staffing levels at secondary schools. Thirteen secondary schools are trying to deliver the same curriculum at ages 11 to 18. Technology may change things in future. The whole structure needs to be reviewed as to how to resource learner entitlement. Whilst a broad and balanced curriculum is necessary, it needs to be delivered with the correct infrastructure and buildings. 85% of budgets are usually staffing costs.</p>
<p>The Audit Committee considers risks. When the formula was revised in 2019 it was recognised that there was a need for change. What are the projections moving forward with the revised formula and will it put pressure on schools already with a deficit. Can these schools ever pay</p>	<p>The Council has one pot of money. Whilst the formula changed the allocation the overall size of the pot remained the same. The budget has to be balanced and this is a legacy issue.</p>

<p>back the deficits which they have and what will the budgets be in 2022-23.</p>	
<p>The formula changes this year took account of the TLR issue. However there has been an increase in cumulative deficits after the first year.</p>	<p>A formula review group led by leaders of schools considered changes to the formula. TLRs were to be included in budgets but some schools were impacted to a greater extent than others which was recognised. The current formula is not built for the schools that Powys needs, but for the schools that currently exist. Deficits will need to be addressed this year and this is a whole Council issue.</p>
<p>If the formula is £1m less than required what is the impact of this on cumulative deficits</p>	<p>The scheme for financing schools was changed so that the pay back period was less which was not suitable. It is necessary for schools to be able to pay back deficits over a period but without affecting the operation of the school. The Council has a thin cake which is being spread thinner. The current configuration of schools also does not allow the right level of funding to go into schools which is why the transformation process is so important.</p>
<p>When Ysgol Calon Cymru was set up, it now has the 6th largest deficit in the county. What lessons can be learned from how this was established so that this does not happen again in the transformation process. The Council needs to understand what went wrong in setting up Ysgol Calon Cymru as a school.</p>	<p>There is much to learn from this as schools should not be set up to fail, and this needs to be resolved in the transformation. The transformation process is a 10 to 15 year process and if the Council does not learn from this then more of this will happen and trust will be diminished. There is a need to work with governors and the senior leadership at schools to establish what a school should look like before the school is established. If this wider conversation took place then the school would not have been set up in this way. There are also lessons to be learned from what others have done.</p>
<p>Ysgol Calon Cymru was set up as a single school on 2 sites and financed in that way. Is it managed as a single school</p>	<p>It is 1 school with 1 governing body in 2 locations. The challenge for the leadership is about the school operating as one school.</p>
<p>If we are going to proceed with this</p>	<p>This is not the blueprint being</p>

model elsewhere, the council needs to make sure that the model is correct for the future	considered elsewhere.
Is the Portfolio Holder ruling out more amalgamations	The report today is about funding rather than transformation, but nothing is off the table, and the proposals are not all about saving money.
With the very large deficits, is the problem over promising rather than resolving the issues in schools. There is only one pot of money which is not large enough. It is irrelevant how the pot is split, as this is too little too late, and there will always be winners and losers. The question is how schools pay back deficits.	The funding per pupil is fair but may not always be going to the right places. Pupil funding alone is also not the whole picture and account needs to be taken of building conditions and other factors. Things have to change and the Council needs to act quickly. There is also a need for a Council / Community wide agreement as to the way forward. This cannot also be too late as the Council does not have a second chance to get this right.
In order to reduce overspends can solar panels be installed at schools to generate income. Is it also the case that not all income generated comes back to the school.	With renewable energy it is also an issue of cost reduction as well as income generation. However it is not always an easy option to install renewable options in all schools.
The changes to the formula has solved the problem in the primary sector but not the secondary sector. In future will the balance between the primary and secondary sectors need to be considered.	It will be necessary to build a formula for a sustainable future for schools. Additional benefits were also included during the last review such as funding TLRs which was £6m over and above cost pressures.
There is a need for the right balance between primaries and secondaries. With Welsh Medium and clusters there is one administrator for an area cluster. Where there are Welsh Medium schools how are these budgets managed as there are not many Welsh Medium schools in the county.	A response will be provided.

- The Chair indicated that in relation to school budgets for the next financial year, the Committee would be seeking assurances that there would be detrimental impact on budgets due to Covid-19 i.e. that schools which had been hubs were not being financially disadvantaged, with no material loss either financially or operationally.

Outcomes:

Action	Action By / Completion Date
The Committee requested a summary report on	

renewable measures for cost avoidance / income generation at schools for a future meeting, including whether all of the income was retained by the school.	
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5. WORK PROGRAMME

The Committee noted that the next meeting will be on:

20 July 2020	1.00 p.m. – 2.00 p.m.	Item: School Budgets 2020-21
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It was suggested that the meeting be extended by half an hour to give sufficient time to discuss the report fully.

County Councillor P Roberts (Chairman)