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Learning, Skills and Economy Scrutiny Committee Friday, 14 September 2018

MINUTES OF A MEETING OF THE LEARNING, SKILLS AND ECONOMY SCRUTINY COMMITTEE HELD AT COUNCIL CHAMBER - COUNTY HALL, LLANDRINDOD WELLS, POWYS ON FRIDAY, 14 SEPTEMBER 2018

PRESENT

County Councillor P Roberts (Chair)

County Councillors G Breeze, K W Curry, B Davies, S C Davies, D O Evans, L George, D R Jones, E M Jones, G Jones, D Jones-Poston, I McIntosh, J Pugh, E Roderick, D Selby, R G Thomas, Mrs A Davies, Mrs S. Davies, Mrs M Evitts and R Williams

Officers: A Clark (Head of Learning), J Thomas (Head of Financial Services), E Palmer (Head of Strategic Policy and Performance), M Evans (Senior Manager Schools Transformation), D Thompson (School Capital and Property Manager) and E Patterson (Scrutiny Officer)

1. APOLOGIES

Apologies for absence were received from County Councillors M Barnes, K Laurie-Parry, S McNicholas and L Roberts, Parent Governor Representative N Bufton and County Councillor M Alexander (Portfolio Holder for Education)

2. DECLARATIONS OF INTEREST

The following declarations of interest were received:

3. DECLARATIONS OF PARTY WHIPS

No declarations of Party Whips were received.

4. 10.00AM SCHOOL ASSET MANAGEMENT PLAN

Documents considered:

- Draft Cabinet report on Schools Asset Management Plan v3
- School Asset Management Plan 2018-2024 090918
- Appendix A – Schools Building Condition, Suitability and Sufficiency data 2018
 - Primary Schools
 - Secondary Schools
 - Special Schools
- Appendix B – Certification requirements

Introduction

Powys has been fortunate in Wales to have received a considerable amount of match funding from Welsh Government for the 21st Century Schools programme. Staff working on new schools and maintaining existing schools are being combined into one team. The Schools Asset Management Plan gives a clear strategic way forward.

Discussion

How accurate is the report? Capacity of the schools in Ystradgynlais is stated in the report to be different in all cases to that known to be the case by school Governors. Governors from other areas reported similar discrepancies.

This information had been received from colleagues and a review of capacity was currently being undertaken.

Having accurate information is also essential for the Admissions booklet. There is little need to provide admissions information regarding Welshpool schools to parents in Ystradgynlais but any information provided does need to be correct.

Admissions information does need to be relevant to parents and Admissions booklets will not be printed this year. Further work will be undertaken to check admission numbers and capacity.

The links to Vision 2025 are important with two sections being of particular relevance:

- Reduction in the number of our school buildings with an overall condition standard of C or D from 132 to 120 by 2025
- Reduce surplus places to 14% in primary (Baseline 16.7%) and 21% in secondary (Baseline 24%) by 2020

It is essential that the correct information is available for monitoring purposes.
This information will be checked.

Two new primary schools are being built in Welshpool. When is it projected that these schools will be at capacity?

This information will be provided after the meeting.

How does the Schools Asset Management Plan work to ensure that money is appropriately spent on schools which are viable in the short to medium term? Is the work undertaken some years ago by PwC being used in this regard?

The Schools Asset Management Plan does make reference to the School Organisation Policy and will consider looking again at the PwC modelling using updated figures.

When schools and local members submit a list of major concerns and little appears to be done is this because of a lack of money or because of problems with the Heart of Wales Property Service?

Investment is prioritised and this includes prioritising health and safety and safeguarding concerns. There are concerns regarding the capacity of the Heart of Wales Property Service to deliver what is required. There is also insufficient money to do all of the small scale improvements which are identified but need is prioritised over aesthetics.

How does the Schools Asset Management Plan support the Welsh Government aim of increasing the number of Welsh speakers?

This is supported by way of the links between the School Asset Management Plan, the School Organisation Plan and the Welsh in Education Strategic Plan. Planning for school organisation is a lengthy process and it is only possible to work on a certain number of schemes at any one time. Welsh Medium provision is a priority in Band B of the 21st Century Schools programme which will include

Welsh Medium Secondary provision in Newtown and Welsh Medium Primary provision in Mid Powys. A briefing session is being arranged for scrutiny members on School Organisation in October.

The covering report notes that schools will be developed into establishments that are central to the community and investment will be made in IT.

Welsh Government support the community focus of schools encouraging the use of schools as multiagency hubs. When schools are remodelled or newly built it is essential that ICT is an integral part of the project.

Are the figures outlined in Section 5 of the Cabinet report 'Financial Management' included in the Medium Term Financial Plan?

The Major Improvement programme is contained within the Capital Strategy and it is recommended that a minimum of £2million is allocated in future years to deal with the poor condition buildings and this should be built into the Capital Programme. It is recommended that the service should bid for a further £75,000 to support planned maintenance work and extend the life of school property assets.

The budgets for repairs and maintenance is being considered as part of the Funding Formula Review.

Sections 5.1 – Schools Asset Database and 6.7 – Information Management appear to cover the same information. When will this database be complete?

The database is incomplete at present and the service are working to bring all this information together. The timescale for completing the database will be included. For example, a condition assessment is in place for all schools but this is updated from a variety of sources and needs to be updated annually.

Outcomes:

- **The observations from this meeting would be collated and circulated to Members prior to submission to the Portfolio Holder for consideration at Cabinet.**

5.	11.00AM SCHOOL BUDGETS
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Documents considered:

- **School budgets 2018-19 update as at 30th June 2018**

Introduction

This report is based on figures to the end of June which is nearly three months ago. Information to the end of August are showing an improvement but the next full report will be the half yearly position at the end of September. Since the last Cabinet report notices of concern were sent to schools with unlicensed deficits and also to those schools in a potential claw back position. A response has been received from all schools. The schools have until the 29th September 2018 to submit their recovery plans.

Discussion:

In 2020/21 six High Schools are showing projected deficits of £5.31million. Are these figures based on the recovery plans that have been put in place now?

The June figure does not include the impact of actions taken under recovery plans. Schools have until 29th September to submit recovery plans and interim figures which show the impact of the recovery plans on those schools who have submitted them shows an improving position of £400k by 2020/21.

In the case for example of Brecon High at what stage does the authority step in?

There are a number of issues in this case with a long history of a deficit budget position. The Funding Formula Review will provide information on appropriate levels of funding for different sized schools. It must be remembered that are children currently in education in these schools with deficit budgets. It is also clear that action needs to be taken to address this position.

It is of concern that school funding is so cloudy. The Funding Formula Review will draw a baseline and provide clarity on school funding, based on evidence moving forward.

Scrutiny have been commenting on school budgets for a considerable length of time and at previous scrutiny the Portfolio Holder has indicated that delegation would be withdrawn. The position regarding Brecon High is deteriorating and Scrutiny are reaching the end of their tether. This is one of the biggest risks to the authority. Why is the position to June 2018 still deteriorating? Is there insufficient money or poor management?

This more complex than simply either of these options and this complexity is echoed across Wales. Powys is mid table in delegation to schools and to increase delegation increased confidence around financial management would be needed. This is a cross Wales issue.

In two years forecasts appear to show all schools will be in deficit. Two schools have recently closed with a combined deficit of £1.15million. Do schools which are due to close operate effectively with a blank cheque book?

Not all schools who are due to close exhibit poor financial management. In the case of the two schools that closed in August 2018 the Governors were required to attend to discuss this and delegation was then withdrawn. It would not be appropriate to withdraw delegation when a school is due to close as most schools exhibit appropriate financial management but the service should monitor this and act promptly if poor financial management appears to be in evidence. Delegated budgets is an area governed by legislation which any actions would need to be governed by.

This report to Cabinet is 'to note' but given the position the recommendation should be for action. Cabinet should display courage with regard to school delegated budgets.

A number of Officers were not in post over the past few years and whilst the policy and framework were in place to deal with deficit budgets this was not always applied with rigour. Notices of concern were not always issued when they should have been.

The Funding Formula Review provide evidence of spend and highlight differences amongst schools. The percentage spend on leadership needs to be easily identifiable and a clear baseline needs to be established. Difficult conversations will have to be had regarding financial management.

What happens to deficit budgets when schools are closed?

The deficit remains within the schools' service and is not written off by the general fund.

As two of the schools with unlicensed deficits are dual stream will the Funding Formula review address the extra expense incurred in running a dual stream school?

This is contained within section 4 of the funding formula review.

Is it the case that schools are unwilling to address their budgetary position as they are more concerned with maintaining and improving standards? How should LEA Governors contribute to improving this position?

There is a need to improve trust and relationships between schools and the schools service. There is a need to improving the range of expertise amongst school governors together with their governance. The schools service are looking at this under the ALN Review Programme.

Deficit budgets has been discussed in scrutiny on numerous occasions and it appears that little progress is being made with the overall deficit position increasing. What will be done to address this?

The Funding Formula review will give an evidenced based position from which to challenge schools on financial management if necessary.

The process for intervention is now being followed which in the past, despite promises, was not the case.

There has been changes of staff in the schools service as well as changes in Elected Members in the recent past.

When the outcome of the Funding Formula review is known then the Portfolio Holder and schools service can plan accordingly.

What impact are Warning Notices having on schools?

Some schools are taking action as a result of warning notices but some schools are not taking appropriate action in sufficient time and it may be necessary to take further action which will also impact on the attitude displayed by other schools. Schools need to take ownership of the management of their budget and it is not the role of the local authority to undertake this function on their behalf. Secondary Schools need to employ appropriate Business Managers.

This report does not identify schools which currently have licensed budgets but are facing difficulties and will be unlicensed in future years. In particular it is difficult to understand how a new merged school has been opened that is forecast to have deficit budgets in the near future when one of the aims of the merger would be to improve financial viability. This is of importance when considering proposals coming forward for future school reorganisations.

6.	CHAIR'S BRIEFING
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The Chair drew to Members attention the discussions that had taken place between Scrutiny and Audit Chairs and Officers regarding the urgent Portfolio

Holder decision taken in respect of Brecon Theatre. He expressed concern that there had been no opportunity to undertake pre-decision scrutiny. This matter had not been included on the Cabinet Work Programme and therefore Joint Chairs were unaware that a decision was to be taken. The matter was on the agenda for the next meeting of Audit Committee but the Chairs and Vice-Chairs had expressed their disapproval in the way this decision had come to be taken and hoped that there would be earlier engagement with scrutiny if any other urgent decisions needed to be taken.

7.	WORK PROGRAMME
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| 1 st October 2018 | Schools Standards
Annual Estyn Inspection outcomes |
| 17 th October 2018 | Post 16 Review
Review of pre-school provision
HOWPS annual report |
| 2 nd November 2018 | ALN Review
Funding Formula Review |

County Councillor P Roberts