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Learning and Skills Scrutiny Committee Friday, 24 May 2019

MINUTES OF A MEETING OF THE LEARNING AND SKILLS SCRUTINY COMMITTEE HELD AT COUNCIL CHAMBER, COUNTY HALL - COUNTY HALL ON FRIDAY, 24 MAY 2019

PRESENT

Parent Governor A Davies (Chair)

County Councillors G Breeze, B Davies, S C Davies, D R Jones, L Roberts, P Roberts,

Parent Governor Representatives: S. Davies and G Robson

Church Representative: M Evitts

In attendance:

County Councillors M Alexander (Portfolio Holder for Education) and County Councillor A Davies (Portfolio Holder for Finance)

Independent Member J Brautigam (representative from Audit Committee)

A Clark (Head of Education), J Thomas (Head of Finance), J Spraggon (Finance Business Partner), E Patterson (Scrutiny Officer)

NB Item 9 was considered at the beginning of the meeting.

1.	APOLOGIES
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Apologies for absence were received from County Councillors E Roderick and G Thomas.

2.	DECLARATIONS OF INTEREST
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No declarations of interest were received.

3.	DECLARATIONS OF PARTY WHIP
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No declarations of party whip were received.

4.	MINUTES
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The Chair was authorised to sign the minutes of the meeting held on the 13th May 2019 as a correct record.

5.	SCHOOL BUDGETS 2019/20
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The Head of Finance advised that since the Schools Budget report had been provided to scrutiny two schools had submitted revised plans that subject to confirmation would indicate they had moved to a licensed position.

There are two different types of clawback indicated in the report can these be explained.

Clawback can firstly be triggered when a schools outturn budget is examined or secondly when a surplus budget beyond the threshold of clawback is projected.

What process is followed for schools in a clawback position?

Schools are asked to provide a plan of how they intend to use the surplus. If a school can demonstrate that the surplus is to be used effectively then the surplus will not be subject to clawback. If a school cannot demonstrate that the surplus will be used effectively then clawback will be considered.

Has clawback ever taken place?

Clawback has not taken place from Powys schools.

It appears that those schools who are a potential clawback position are those schools who have followed advice from their financial surgeries and taken the difficult decisions. It seems strange to place these schools in a potential clawback position.

The statutory regulations for school finance require the authority to consider clawback for schools in a current position of clawback regardless of forecast positions. Schools can be in a clawback position despite careful financial planning if additional money has become available at the end of the year (for example additional money to cover teachers pay or specific grant funding). Schools will respond to the clawback letter with an explanation of how it is intended to spend their budget and it is not expected that any clawback will be invoked.

If clawback did take place what would the Portfolio Holder for Education intend it to be used for?

It could be used for paying off the debts of closed schools or realigning additional money into schools.

The Portfolio Holder for Finance confirmed that it was a requirement the authority went through the clawback process but that the authority had, to date, never clawed back money from schools in this position.

The Portfolio Holder for Education arrived

The Portfolio Holder for Education confirmed that when examining the proportion of surplus in conjunction with a schools development plan then no schools in Powys had been unable to explain how it was intended to use the surplus. The Head of Education confirmed that clawback did take place in other Welsh authorities.

Have the clawback letters been sent?

It was confirmed that emails had been sent advising schools of the current budgetary position but that letters would be sent after Cabinet had considered the paper.

Is the position changing regarding those schools who are yet to reach a licensed budgetary position?

Work continues to be undertaken with those schools who are yet to reach a licensed position and 2 schools have submitted plans which may take them to a licensed position. These figures need to be verified and the report to Cabinet will reflect the most up to date position.

Why are the numbers of schools with unlicensed budgets increasing?

There are a number of reasons including falling rolls, changes in school funding, schools not taking action quickly enough and once a deficit position has been recorded the difficulty in regaining a surplus position.

The Director of Education confirmed that this problem was not unique to Powys. Schools need to ensure that their Senior Leadership Team are constantly considering their budget position and ensuring that their staffing is adjusted promptly to changes as they become necessary.

What happens with schools where a staff member is absent for ill-health or disciplinary reasons?

Schools can take out insurance to cover sickness absence and each school will consider whether they purchase insurance or choose to use this funding to self cover or purchase supply cover as required.

The Portfolio Holder for Education noted that this issue could be complex as whilst absence could be covered by a supply teacher, leadership expertise was not insurable.

It is clear that schools need to take action, is there sufficient capacity within the central teams at County level to support schools?

The Head of Finance confirmed that there was sufficient capacity to support schools. The teams had been strengthened over recent years and included colleagues from HR, Finance and Curriculum (Challenge Advisors). Meetings are held with schools in the autumn term and spring term. Support is provided to schools but schools then need to take prompt action.

Is the team under resourced?

The authority is under considerable financial pressure and further cuts may have to take place.

Might it be more cost effective to put a team in place to give greater support to schools in financial difficulty?

That may be possible but there is no funding for such a team.

The Portfolio Holder observed that there was not enough sharing of best practice. She confirmed that in reality there would be no additional funding for the schools central team but the service are looking at cluster working of a schools finance manager.

Would it be possible to upskill local authority governors to improve the governance function within schools?

The Portfolio Holder agreed that local authority governors could be a positive force for change and that governor training was a high priority.

The Secondary Heads have requested a meeting with the Portfolio Holder regarding school finance including the funding formula but have yet to receive a response. Will the Portfolio Holder meet with Secondary Heads?

The Portfolio Holder confirmed that she had recently met with Secondary Heads and had not received a request for a further meeting. The Portfolio Holder was of the opinion that the county did not receive enough money from Welsh Government to provide what the authority would like to provide. The service have removed double the amount of funding from the central team but an additional £1million has been placed into the schools delegated budget. The funding formula was based on the premise that there would be no additional

funding. This is challenging but there are some schools who were predicting a deficit but are now in a surplus position and these schools should be commended. There are instances such as the late notification of grants that make planning difficult and there has been a move away from funding through the RSG to grant funding which increases the difficulty in planning. There is no intention to unpick the funding formula and start again but lessons are being learnt from the rollout and it is necessary to understand the extent of the problems that are being caused by the formula or by falling numbers. When a school says that their budget has been cut it is most probably because of falling rolls.

The Portfolio Holder for Finance confirmed that the funding formula review was always on the basis that there was no additional funding. However, an additional £1million has been put into education. The new formula is transparent which is an improvement on the old formula. High School and Primary School Headteacher representatives were an integral part of the review group and the wider Headteacher groups were engaged in the consultation process. The formula produced by the Formula Review Group required funding of approximately £1million higher than what was available. Cabinet had to make some changes to bring it back within the available budget. The formula is a living document and will change over time.

The Portfolio Holder for Education agreed with the Portfolio for Finance and added that there may be changes to the formula based on the funding available at a particular time.

The funding formula was set up to deliver a minimum curriculum, but schools are expected to cover a broad curriculum. How can these two positions be balanced?

The Portfolio Holder for Education confirmed that the service wanted schools to provide a broad curriculum and pointed to the collaboration between Newtown High School and the FE College in Newtown together with the increase in subjects offered by way of virtual learning which will be 11 in 2019/20. Whilst technology will not revolutionise learning it may offer part of the solution.

Is it intended to regrade staff despite roles being job evaluated some years ago?

The Head of Schools advised that grading is the role of the Governing Body and Headteacher and there is no intention to undertake regrading across the county. Regrading is appropriate within a school where staff are undertaking roles which are no longer required.

The Portfolio Holder has advised that the authority are putting additional money into education and the Head of Schools confirms that the authority spends more than average why are schools struggling to produce balanced budgets?

The Portfolio Holder for Finance confirmed that it would be necessary to look at school transport as a large amount for funding for education is spent on transporting pupils to and from school.

What happens to schools which find themselves in the position of rising rolls?

The Head of Finance confirmed that rising rolls could present difficulties for schools as whilst pupil numbers are at the heart of the formula representing around 70% the grant funding may remain the same regardless of the increase in pupil numbers.

The Portfolio Holder drew attention to the fact that the majority of schools are able to manage their budget and that the federation of three schools in north Powys had resulted in reduced management costs.

Scrutiny Members observed that the federated schools did still operate on three sites with three separate budgets.

The Portfolio Holder for Finance noted that it was difficult to compare staff across schools as roles within schools are not always comparable.

The Portfolio for Education noted that Powys spends the most per pupil on education when transport and ALN are taken into account but when these two areas are taken out of consideration the funding level decreases. Other local authorities face challenges but to a lesser degree in respect of transport.

What action is taken in respect of a school with rising numbers mid year?

Numbers on roll are identified at a counting day. The school is funded for that number of pupils for the coming year (which includes those that leave but does not recognise those that join the school). The previous funding formula included an opportunity for in-year adjustment but this was not included in the new formula which was a decision of the funding formula review group.

The Portfolio Holder for Education observed that if schools lost money when pupils left within the year schools would object.

The Portfolio Holder for Finance confirmed that the Formula needs to be maintained and the correct process for this was via the Schools Forum.

The Head of Schools noted that this review should be accelerated and was speaking to colleagues regarding facilitating this. He reiterated that there was no additional funding available for schools delegated budget but it was essential to identify how best to smooth changes. The new formula has provided a clean reset but there is a need now to technically look at the formula.

It has been confirmed there is no additional funding for schools and that transport needs to be examined. Member seminars have indicated there are too many schools within the authority and that budgets can be no longer salami sliced. Is a strategic approach being taken to school organisation?

The Head of Schools advised that there are new structures within the local authority which mean it is possible to look at this using colleagues in other areas of the organisation with better access to data. These colleagues are producing models which will demonstrate what will happen if things changes (for example schools or transport) and access to data is better in this authority than elsewhere. Many changes have already been made but it is not clear if these have been the right changes or they have been undertaken in the right order and it will be necessary to improve modelling of proposed changes.

The Portfolio Holder noted that the strategy can already be found in the Schools Organisation Policy which outlines the strategy that the authority will be following including amongst others: removal of remaining infant and junior schools, all high schools to become all through schools, all primary schools to be part of a federation and a new Welsh Language School to be established. There will be changes that occur outside of the Policy for example some schools may be too small to continue, and Post 16 education will be considered separately.

Can the department present to scrutiny the current Policy document and how this is being put into practice?

The Portfolio Holder for Finance noted that this had last been shared with Members at the Vision 2025 Transformation day and suggested that a workshop on transformation be presented.

Recommended that a workshop on school transformation be presented to scrutiny.

Ysgol Calon Cymru has a dire financial forecast and the deficits of the two closed schools have been written off. Why has this two site school been created?

The Portfolio Holder for Education noted that she was not in favour of two site schools, although Newtown High School and John Beddoes campus appeared to be working. She preferred an all through school model. Merging schools did not solve financial problems. The decline in pupil numbers had stopped and now numbers were static it was now time to implement imaginative solutions.

Scrutiny undertook pre-Cabinet scrutiny of a budget report in autumn 2018 and provided observations to Cabinet. This report did not proceed to Cabinet. Can the Portfolio Holders advise why no Cabinet response to the scrutiny recommendations has been forthcoming?

The Head of Finance would get back to scrutiny on this.

How comparable are figures that show Powys as one of the top authorities for funding education?

The Portfolio Holder for Education noted that differences in school transport responsibilities or arrangements for ALN provision made comparisons difficult. The Portfolio Holder for Finance noted there was a tension between criticism from schools that the authority does not delegate enough funds to schools but also wanted support from central teams.

The Head of Education observed that delegation this year was 77.2%. If transport is taken out only a small amount is spent on the central team. The range of cost per pupil is interesting:

Phase	Lowest cost/pupil	Highest cost/pupil	Range
Primary	£3,100	£7,800	£4,500
Secondary	£3,800	£5,800	£2,000

This is type of data that will require close analysis and this is being undertaken by the data teams.

It is clear that a large amount of education spend is on transport. Could a radical alternative such as catchment based provision be considered?

The Portfolio Holder for Education considered this would be a poachers charter.

What action is being taken regarding a school that has a long history of deficit budget?

The Head of Finance advised that schools were required to produce a recovery plan. What happens next depends on the action that the school then takes. If a school is taking advice and is working with the schools service then the schools service would not proceed to the next stage of compliance. If the school is not acting on advice from the authority then further intervention will take place including the issue of a Warning Letter.

How is collaboration proceeding with the nine schools which are unlicensed?

All of these schools are working with central services.

The Portfolio for Education noted that one of the problems was the length of time that changes to staffing structures took.

The Schools Finance Officer noted that a particular challenge was those schools that discussed the necessary changes but did not take the required action.

Has an equality impact assessment taken place on the funding formula?

The Head of Education referred back to the per pupil funding discussed earlier and described two forms of equality:

- Equality of provision where at present there is a high equality of provision with a large number of schools particularly in the primary sector
- Equity of funding – this is inequitable with some schools receiving far more per pupil funding than others. It is necessary to look at the balance between provision and funding which will be interesting but challenging. Any changes will affect people and an approach needs to be taken to finding an equilibrium which results in the least damage to equity of provision

The mean number of children per school is 102. A small school nationally is described as one with less than 92 pupils. A small school in Powys would have 30 or so pupils. There is a need to increase the mean number of children per school. It will also be necessary to look at school transport.

During the authorities work with schools there must be examples of best practice. How is this shared between schools?

The Schools Finance Manager confirmed that best practice was shared between schools, but it was up to individual schools to act on advice.

Has any work been undertaken to understand the link between finance and standards?

The Portfolio Holder advised that there was no evidence to support that additional spending led to higher standards. It will be interesting to see the results of the introduction of the new curriculum with non-specialist teaching in years 7 and 8.

Recommended that:

- **the observations from this meeting be collated and circulated to the committee members and then provided to the Portfolio Holders and Cabinet**
- **a Cabinet response is provided to the observations on school budgets produced in autumn 2018**
- **a workshop on school transformation is presented to scrutiny.**
- **arrangements are made to train local authority governors to provide the skills needed to undertake the necessary levels of challenge and support particularly with regard to the financial position of their school**

6. CHAIR'S BRIEFING

No Chair's briefing was given.

7.	APPOINTMENTS
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The following Members indicated an interest in joining the following groups:

- Early Years Scrutiny Group – Cllr P Roberts, Cllr S Davies, Parent Governor Representative S Davies and Church Representative M Evitts
- WESP Working Group – Cllr P Roberts, Cllr B Davies, Cllr S Davies, Cllr L Roberts, Parent Governor Representative A Davies
- Joint Scrutiny of Vision 2025 – Parent Governor Representative G Robson and Cllr P Roberts
- ERW – Parent Governor Representative A Davies and Cllr S Davies

8.	WORK PROGRAMME
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The work programme was noted.

9.	TO ELECT A VICE-CHAIR
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RESOLVED that Parent Governor A Davies be elected Vice-Chair for the ensuing year.

County Councillor P Roberts (Chairman)