

Meeting:	Schools forum
Meeting date:	7 July 2017
Title of report:	Budget working group
Report by:	School finance manager

Classification

Open

Key decision

This is not an executive decision.

Wards affected

County-wide.

Purpose

To consider the report of the budget working group (BWG) on the following matters:

- Dedicated schools grant outturn 2016/17;
- Apprentice Levy;
- Trade union facilities;
- Simplifying financial services to schools;

Recommendation(s)

THAT:

- a) the Dedicated schools grant underspend of £211k for 2016/17 be added to balances; and**
- b) net balances be retained to cover anticipated high needs pressures in the coming years.**
- c) A reminder about how schools can access the apprentice levy funding be circulated to schools; and**
- d) members of the BWG and school forum be encouraged to disseminate information through other groups.**
- e) the issue of Trade Union facilities be added to the work programme for the schools forum for 2017/18 academic year.**

Alternative options

- 1 Alternative options will be fully considered by the BWG prior to inclusion in the autumn schools budget consultation. At this stage only a preliminary view has been sought to determine whether there is merit and scope for further development of these proposals..

Reasons for recommendations

- 2 The BWG has no decision making powers and reports to Schools Forum for consideration of any recommendations and proposals that BWG believes warrant further action. Recommendations involving expenditure will be referred to the Cabinet Member for approval.

Key considerations

Dedicated schools grant outturn 2016/17

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An overall underspend of £211k was reported for 2016/17 as follows:

DSG over spends	£'000
Early Years	134
High Needs Top-ups	197
Special places (PRU, school)	199
Home hospital team	51
Independent special schools	72
DSG underspends	£'000
Complex needs placements	-274
SEN Support services	-139
National school budgete/MFG	-135
Excluded pupils	-70
Contingency/unspent pupil	
Premium from previous year	-96
Special recoupment	-137
Trade union facilities	-14

It was recommended that this be added to balances. It was noted that the key pressure within the budget related to high needs. A supplement was expected for early years which would not be received until July. This was expected to cover the overspend for early years in 16/17.

Net balances, excluding £890k already committed to early years, were reported as £924k. It was recommended that this be retained to cover anticipated high needs pressures in the coming years.

Apprentice Levy

The BWG was briefed on the costs and uptake of the apprentice levy.

The cost to LA schools was reported as £144k. Total available funding after accounting for the deduction for the Welsh percentage (2%) and the additional government contribution (10%) was estimated to be £155k.

At the time of reporting, Hoople training division had only received applications from 4 schools for funding. If money is not spent on training it will be returned to the government.

It was noted that the teacher apprentice training scheme was still in development. It was anticipated there would be greater uptake once this route was available.

Funding was being allocated on a first come first service basis. A notional account would be run for each school recording how much they had paid in and how much funding they had drawn down. There was a two year rolling window to spend levy funding.

The BWG queried how the funding had been advertised to schools. It was reported that emails were sent out from HR and an event held by Hoople.

The BWG suggested that the DfE be asked if the 24 month window for expenditure could be extended until after the teaching apprentice scheme was in place.

Trade union facilities

Employers are legally responsible for negotiating and consulting with union representatives. Funding for trade union facilities time for local authority maintained primary schools is dealt with through de-delegation. VA schools and academies can buy in to a SLA if they wish.

Around £100k had been paid to trade unions cumulatively over the previous three years but there was concern over a lack of transparency as to how this funding was used. The BWG felt it to be unclear whether schools were getting value for money.

The HR services manager had put together a short report but was unable to attend the BWG meeting. The report is attached as an appendix.

The School finance manager (SFM) summarised the report highlighting the changes that had been introduced to improve governance of the scheme including the use of vouchers which controlled spending, making it impossible to overspend and setting a standardised payment per day. For the last few years there had been an underspend which was returned to the pot each year for schools forum to allocate.

He drew attention to the chart on page 4 of the report which detailed the activities carried out by TU representatives between January and April 2017. He noted that there was no information on how much time each activity took. Each voucher issued covered about half a day.

Page 5 of the report showed a comparison of the cost to schools in Herefordshire compared with other authorities. The SFM was seeking further information from other authorities on how they operated their system. It was noted that the England average was £2 per pupil while Herefordshire's current figure was £3.50.

It was felt that there was potential to reduce the cost per pupil. The SFM reported that current thinking was that it would fall to between £2.75 and £3.00 per pupil.

It was noted that there would be further opportunities to discuss the issue and that the HR

services manager was willing to attend schools forum to brief members.

Simplifying financial services to schools

The BWG was briefed on three areas of financial services provided to schools.

1. Insurance for LA schools

Insurance for LA schools was a delegated item so schools were free to purchase their own insurance if they wished. The LA offer required schools to pay between £24 and £77 per pupil but there were other offers available.

The LA offer includes costs for admin support, insurance brokers and claims handling which could possibly be reduced in an all-inclusive price direct from the market. It was proposed to consider alternative arrangements using a framework of approved providers which schools could purchase from.

The SFM stated that notice would need to be given to the current insurers prior to the renewal date in October. There currently was a mismatch between the policy year and the financial year which added to the financial risk when schools withdraw from the county scheme in April each year.

It was estimated that making this change could save schools around £100k per year and simplify the council's insurance activity.

It was noted that more work was required to explore the options available. It was agreed that the SFM would take this forward and report back at a future meeting.

2. School sickness absence scheme

This was a scheme for primary schools and special schools. It was well supported by LA maintained primary schools and there were a good number of academy primary schools also buying back the service. Secondary schools usually made their own arrangements.

The SFM reported that benefits from the scheme had been trimmed back in recent years to avoid rising costs and that the scheme was complex and time-consuming to administer. Any overspends could no longer be claimed back from DSG due to DfE regulations.

The reserves for the scheme were reported at £400k, retained to cover future losses.

It was noted that special schools regularly claimed more than they paid in.

The SFM gave the view that if the scheme was to continue it would need to be simplified. An option was to run the scheme through de-delegation. All LA schools in a phase would need to agree to be included or else the scheme would not cover that phase. The estimated cost per pupil for this option was £37.50. The £400k in reserves could then be distributed to schools.

Academies would be able to join but this would need to be on a 5-year rolling contract to avoid schools drawing down more than they paid in.

The alternative was to close the scheme completely and allow schools to buy their own cover from the market. However, there was concern that the coverage from market products was not as good as that offered by the LA scheme and that maternity cover was not available.

In the ensuing discussion, the following points were made:

- that there were reports of schools which had left the LA scheme being "burnt" with maternity cover not being paid out and premiums rising significantly, some schools had

- rejoined the LA scheme due to being unable to find equivalent value from the market;
- that there was a greater percentage of female staff in the primary sector;
- whether it would be appropriate to have the same cost per pupil for special schools as for mainstream schools, given the higher numbers of support staff they employed. (Note - the DfE usually apply a multiplier to pupil numbers of 3.75);
- that no assumptions had been made about whether the DfE would continue to allow delegation for this service;
- there was a suggestion that smaller primary schools would find it more difficult to find good value from the market
- that the LA should explore the option of a bulk contract with an external provider.

It was agreed that the SFM would write to primary schools seeking views on the options. It was assumed that secondary schools were happy to continue making their own arrangements.

3. Under 5's free and subsidised milk schemes

The SFM gave a briefing on the current scheme and the difficulties of operating it. The LA was providing the service to fewer and fewer schools. It was noted that schools could claim direct or use external providers such as Cool Milk who would provide a complete service at an additional cost to parents.

Nursery milk was free, the subsidy for infants in schools was about 7p so some schools might feel it was not worth their while to claim it back.

The SFM reported the intention of the LA was to withdraw this service.

The BWG recommended that the SFM include the intention to withdraw this service in his letter to schools.

Community impact

4. Increasingly school and education funding is directed by government and the council can only allocate funding given by government. School governing bodies retain the responsibility to spend the school budget on meeting pupil needs.

Equality and human rights

5. There are no implications for the public sector equality duty.

Financial implications

6. There are no direct financial implications from these proposals regarding expenditure on school budgets, early years and high needs will not exceed the funding available within the Dedicated Schools Grant.

Legal implications

7. The purpose of this report is to update the Schools Forum on the recent meeting of the Budget Working Group in preliminary planning for the 2018/19 schools budget within the dedicated schools grant.
8. Section 10 of the Schools Forums (England) Regulations 2012 sets out the local authority's duties to consult with the Schools Forum on school funding issues in relation to the DSG.

- 9 The Education Funding Agency provides a summary of powers and responsibilities of schools forums which includes decisions it can make on proposals put forward by the local authority.

Risk management

10. The BWG reviews proposals in detail prior to making recommendations to the Schools Forum. This two stage process helps to ensure greater scrutiny of budget proposals and mitigate against any risks that may be identified.

Consultees

11. All maintained schools, academies and free schools in Herefordshire will be consulted in autumn 2017 on the school budget proposals for 2018/19. The information in this report and school forum's views will shape this future consultation.

Appendices

- Report on trade union facility overview by HR services manager

Background papers

- None identified.