

**MINUTES of the meeting of Herefordshire Schools Forum held at The Shire Hall, St Peter's Square, Hereford HR1 2HX on Friday 13 March 2015 at 9.30 am**

**Present:** Mrs D Strutt (Academies) (Chairman)

Mrs S Bailey	Special Schools
Mr P Barns	Pupil Referral Unit
Mr P Burbidge	Roman Catholic Church
Mr J Docherty	Academies
Mr T E Edwards	Local Authority Maintained Secondary School Governor
Mr NPJ Griffiths	Academies
Mr G House	Academies
Ms T Kneale	Locally Maintained Primary School (Nursery)
Mr R Leece	Trade Union Representative
Mr C Lewandowski	Trade Union Representative
Mr M Lewis	Local Authority Maintained Primary School
Mrs R Lloyd	Early Years Representative
Mrs A Pritchard	Local Authority Maintained Primary School
Mr S Robertson	14-19 Partnership
Mrs S Woodrow	Locally Maintained Secondary Schools
Mrs C Woods	Local Authority Maintained Primary School
Mr K Wright	Local Authority Maintained Primary School

**In attendance:** Councillors WLS Bowen and JW Millar (Cabinet Member Young People and Children's Wellbeing)

**194. APOLOGIES FOR ABSENCE**

Apologies were received from Mr P Box, Mrs L Brazewell, Mrs S Catlow-Hawkins, Mr J Chapman, Mr J Godfrey, Ms A Jackson, and Mrs J Rees.

**195. NAMED SUBSTITUTES**

Mrs A Pritchard substituted for Mrs J Rees and Mr S Robertson substituted for Mrs S Catlow-Hawkins.

**196. DECLARATIONS OF INTEREST**

**Agenda item 8: Whitecross PFI Scheme**

Mrs A Pritchard declared an interest as a Governor of Whitecross High School and Specialist Sports College.

Mrs D Strutt declared an interest as Head Teacher of Whitecross High School and Specialist Sports College.

## 197. MINUTES

The Chairman reported a correction to Minute 191 on page 6 of the agenda papers paragraph 7 to read: *“He outlined the balances held by schools as a percentage of the annual budget in bands of 5% up to 50% noting that the average balance percentage was 10% with the highest being 52%.”*

**RESOLVED: That the Minutes of the meeting held on 19 January 2015, as amended, be approved as a correct record and signed by the Chairman.**

## 198. PUPIL REFERRAL UNIT FUNDING PROPOSALS

The Forum received an update on proposed changes in pupil referral unit (PRU) funding to be effective from 1 September 2015 with a view to considering final proposals in June 2015.

The School Finance Manager presented the report. He reported that changes were necessary because the Department for Education was standardising the place payment at £10,000 for PRUs in line with special schools and special provision.

He outlined the consideration of options that had taken place and the rationale for the proposals being put forward. He noted that these had been discussed with the PRU Management Committee and the Budget Working Group. It was proposed to undertake formal consultation with Herefordshire Association of Secondary Headteachers.

It was asked whether if the cost of PRU places increased this would make schools reluctant to place pupils in the PRUs, both to the disbenefit of pupils and to the efficiency of the PRU. In response it was stated that it was always the case that a decision on where a pupil was placed was a matter for individual schools, and PRU charges had to reflect the true cost of the PRU provision whilst leaving the placement decision with schools.

### **RESOLVED:**

**That (a) formal consultation on the Herefordshire PRU funding proposals with the Herefordshire Association of Secondary Headteachers (HASH) be approved; and**

**(b) final proposals be presented for agreement at the Forum’s next meeting in June 2015.**

## 199. PERMANENT FUNDING FOR SAFEGUARDING EDUCATION IN THE MULTI-AGENCY SAFEGUARDING HUB

The Forum received an update on the role of the Education Safeguarding Officer in the Multi – Agency Safeguarding Hub (MASH); and was invited to approve a means of seeking sustainable funding to make the function permanent and to increase the capacity within the MASH.

It was noted that a number of schools considered the Education Safeguarding Officer role to be a valuable one. The contribution the post made to the work of special school headteachers was highlighted.

In relation to funding, the Assistant Director explained that the preferred option was to secure approval from the Secretary of State to vary the base Dedicated Schools Grant (DSG) budget to fund the post. In case approval was not forthcoming, in parallel with

contacting the Secretary of State, it was also proposed to develop a service level agreement as an alternative option. The Council remained under Government intervention in relation to Children's Safeguarding and the case for a budget variation may therefore be viewed favourably.

The School Finance Manager commented that the post had to date been funded from an underspend from the 2011/12 DSG but funding would run out in the summer term. The proposal was for £75,420 to be made available from the DSG on an annual basis. This was equivalent to approximately £4 per pupil.

**RESOLVED:**

- That:**
- (a) the proposal to apply to the secretary of state for approval to use the dedicated schools grant (DSG) to fund the education support function in the MASH be supported;**
  - (b) the development of a service level agreement as a fall back position be supported; and**
  - (c) a report for decision be considered in June 2015.**

**200. SCHOOL BALANCES - CLAWBACK PROPOSALS**

The Forum was informed of the outcome of the consultation with schools regarding the reintroduction of a balance clawback mechanism and considered whether such a mechanism should be introduced.

The School Finance Manager presented the report. He acknowledged that this was a difficult matter for the Forum because it did not affect all schools equally. He reminded the Forum that the issue had been brought before the Forum by the Budget Working Group (BWG) which had been concerned at the level of balances held. The Forum had approved a consultation with schools.

He emphasised that the purpose of a clawback scheme was not simply to remove excess balances from schools but to encourage schools to spend their annual budget on their current pupils. The introduction of a clawback scheme would require the Forum to approve the amendment of the Scheme of Financial Management.

He noted that advice had been received from the Department for Education (DfE) that only maintained schools should vote on the proposed amendment of the Scheme of Financial Management. The implication of legal advice provided on this point set out in the report was that the Forum should take a decision confirming that it would adopt this approach.

The report set out the following options for consideration:

A – introduction of a clawback mechanism for the 2015/16 financial year;

B – phasing in of a clawback mechanism over 3 years; and

C – inclusion of academies in a clawback mechanism on a voluntary basis – *(with the additional option if academies chose not to join the scheme of proceeding with a scheme for local authority schools only or not proceeding with the proposals unless all academies participated.)*

The Schools Finance Manager (SFM) reported the outcome of the consultation exercise, a copy of which had previously been circulated to the members of the Forum.

In summary only about a quarter of schools had responded. The response was heavily against the introduction of the full clawback scheme from 1 April 2015, moderately in favour of a phased introduction over 3 years, in favour of the inclusion of academies within the scheme and strongly of the view that the clawback scheme should not proceed unless all academies were included.

He also referred the Forum to paragraph 8 of the report which set out the action the local authority proposed to take if the Forum declined to adopt a clawback mechanism.

In discussion the following principal points were made:

- There were a number of reasons why schools chose to hold balances and the Authority should seek clarification from schools of those reasons before a decision on the introduction of a balance clawback scheme was taken.
- The phased approach offered by Option B was preferable to the implementation of Option A.
- A number of schools were holding excessive balances and that was not acceptable when representations continued to be made to the BWG that schools had insufficient funding.
- The level of school balances held within the County as a whole did not assist the County's case for extra school funding from Government.
- The SFM confirmed that no funds had ever been clawed back from schools within the County. However, one of the objectives of the clawback scheme was to encourage schools to spend annual budgets on current pupils.
- The issue of a common approach to all schools in the County including academies was raised. It was noted that academies' accounts were audited and the expectation was that they would hold balances equivalent to one month's expenditure. The SFM noted that this would be close to the average balance held by maintained schools of 10%.
- It was asked if there was any evidence that schools holding high balances were failing to meet educational standards. The Assistant Director commented that there was no simple link and that the Authority considered a range of information on schools performance and worked with school leaders and school governors to address standards issues. Balances and budget management could be a factor in this.
- The proposal to claw back balances in excess of 8% would affect more than half of the locally maintained schools in the County and this was surely unacceptable.
- More respondents to the consultation had been opposed to clawback at all than had favoured any of the proposed options.
- The response rate to the consultation had been low.
- One view expressed was that introduction of a clawback scheme risked precipitating inappropriate, unnecessary expenditure. An opposing view was that such an approach to a scheme's introduction would represent poor management.
- There might be merit in checking that schools were allocating balances correctly between revenue and capital budgets, noting the need to save for capital schemes.

The Chairman of the BWG invited any headteacher with a high balance to attend the BWG to justify their approach.

A number of proposals were put forward including deferral; a variation of option B (the phased introduction of a clawback mechanism); and the version of Option C that involved not proceeding with the proposals unless all academies participated.

A motion that the Scheme of Financial Management be amended and a balance clawback scheme be introduced for 2015/16 on the basis of a clawback of any balance in excess of 25% of a school's annual budget, subject to an annual review of the percentage of any further balance clawback, was carried.

A motion that as a matter of principle the Forum as a whole should agree that it was not acceptable for a school to hold excessive balances and that a school's annual budget should be spent on children currently in school was carried, requesting that the Director of Children's Services should advise Headteachers and Chairmen of Governors of all Schools in the County, including academies and free schools, of the Forum's view and invite them to confirm their agreement with this principle.

**RESOLVED:**

- That**
- (a) the results of the consultation with schools on the introduction of a balance clawback mechanism be noted;**
  - (b) the Director of Children's Wellbeing be requested to write to Headteachers and the Chairmen of Governors of all Schools, including academies and free schools, in the County holding a balance of more than 10% of their annual budget asking them to provide reasons for holding such a balance;**
  - (c) as a matter of principle the Forum unanimously considers that it is not acceptable for a school to hold excessive balances and is of the view that a school's annual budget should be spent on children currently in school; and the Director of Children's Services be requested to advise Headteachers and Chairmen of Governors of all Schools in the County, including academies and free schools, of the Forum's view and invite them to confirm their agreement with this principle;**
  - (d) the Scheme of Financial Management be amended and a balance clawback scheme be introduced for 2015/16 on the basis of a clawback of any balance in excess of 25% of a school's annual budget, subject to an annual review of the percentage of any further balance clawback, (*noting that participation in the mechanism by non-maintained schools would be voluntary*).**

*(Note: The Forum agreed, taking note of the advice from the Department of Education, that only maintained schools should vote on the proposed amendment of the Scheme of Financial Management (resolution d).)*

**201. WHITECROSS PFI SCHEME**

The Forum received an update on the progress in securing cost reductions for the Whitecross Private Finance Initiative (PFI) contract.

The Schools Finance Manager reported on the savings that had been secured, subject to the contract variations being signed by all parties. He commented that the action taken had put in place a plan to address the £3.5m deficit that had been projected for 2032 with a small surplus now being forecast depending on inflation rates.

**RESOLVED:**

**That (a) the progress made in securing cost reductions for the PFI contract be noted and a progress review be established, once every three years, commencing in January 2018, to establish a process for routine review of the contract; and**

**(b) reports outside of this timescale be on an urgent needs basis.**

**202. WORK PROGRAMME**

The Forum noted its work programme with the following additions:

**June 2015**

Permanent Funding for Safeguarding Education in the Multi-Agency Safeguarding Hub.

Pupil Referral Unit Funding Proposals

Entitlement determination in relation to the pupil premium (provisional)

**203. MEETING DATES**

Noted.

The meeting ended at 10.40 am

**CHAIRMAN**