

**MINUTES OF A MEETING OF THE
SCHOOLS FORUM
HELD ON 15 JULY 2015 FROM 9.15 AM TO 12.50 PM**

Schools Representatives

Phil Armstrong	Maintained Nursery Headteacher
Ali Brown	Primary Head - Nine Mile Ride Primary
Louisa Gurney	Primary Head - Emmbrook Junior
Brian Prebble	Primary Head - Rivermead Primary
Elaine Stewart	Primary Head - Aldryngton Primary
Helen Ball	Primary Head - Polehampton Infant
Ginny Rhodes	Secondary Head - St Crispins
Ann Keane-Mayer	Secondary Head - Waingels College
Liz Meek	Special School Head - Addington School
Derren Grey	Academy Headteacher - The Piggott School
Janet Perry	Academy Business Manager - The Holt School
John Bayes	Governor, Chairman
Nick Dyer	Governor Vice Chairman
Mike Hutchinson	Governor
Paul Miller	Governor

Non School Representatives

Matthew Marsden	Children's Services
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Also Present

Tricia Harcourt, Senior Democratic Services Officer
Donna Munday, Schools Finance Manager
Brian Grady, Head of Strategic Commissioning, Children's Services
John Wood, Programme Manager, Children's Services

52 APOLOGIES

Apologies for absence were submitted from Ian Pittock, Stephen King, Clare Sheppard, Charlotte Wilkinson, Dominic Geraghty, Mary Rome (substituted by Emma Reynolds)

53 MINUTES OF PREVIOUS MEETING

There were several queries on the Minutes of the meeting of the Committee held on 20 May 2015, a revised version was requested.

54 DECLARATION OF INTEREST

There were no declarations of interest.

55 SCHOOLS BUDGET 2015/16 - FINANCIAL MONITORING

The Forum received and considered a report set out on Agenda pages 13 to 16, detailing the projected outturn position for the 2015/16 Schools Budget as funded by the Dedicated Schools Grant (DSG), including Education Funding Agency (EFA) funding and the Pupil Premium Grant.

Please note: amendments were made to these minutes at the meeting on 23 September 2015

Donna Munday presented the report which listed the main material movements from the budget set in March 2015 using the allocations as notified by the DfE in December 2014, and showed the current predicted outturn at the end of March 2016 as reducing the initially predicted end of year surplus of £806,000 to £297,000. Since the initial allocation, EFA funding has been received, but the Early Years allocation has not yet been received. Paragraphs 6 to 8 of the report gave an explanation of the movements; the main ones which were:

- Line 1.1.2 - School Specific Contingencies – additional internal recharge £119,000 taken
- Line 1.4.10 – Pupil growth/infant classes – surplus of £145,000 following revision of growth provision estimates

The Table on Agenda pages 15 and 16 shows the S251 budget lines, with a commentary on the material movements.

The Pupil Premium allocation has reduced for the first time, but has a nil effect on the main budget as the reduction is passported to schools.

Comment was made that the way the information is presented, using the S251 lines, means that it is difficult to understand. It would be useful to have it set out broken down into the allocations to maintained and academies and to each sector. Officers indicated that they were looking at how other Forums receive budget monitoring information and will be reporting on that as well as ideas from this Forum's members.

During the discussion the following comments were made:

- Very concerned that the predicted surplus has gone down again; in the last 3 months £500k has been lost. Are we confident about the predictions; could this be leading to a funding crisis; are we allowed to have an in year deficit?
- The current predictions are based on the information available to date; the situation is serious and there are active consultations with other departments to ensure other contributions are made. The issue of internal recharges is being investigated, and will be reported to the Forum in September.
- If we the Forum had known 3 months ago that the end of year balance would be low, some of the decisions on discretionary spending would not have been made.
- At the time the budget is set here is always uncertainty, as some funding allocations are not finalised at that time.
- The Schools Forum is a consultative body, which recommends the budget to Council.
- The pupil growth line has only reduced because one of the planned schools has been delayed for a year, but will need funding in the following year.

RESOLVED: That the Monitoring report for the 2015/16 Schools Budget be noted with concerns registered that recent movements have led to a reduction in the predicted end of year surplus.

56 DEDICATED SCHOOLS GRANT (DSG) 5 YEAR FINANCIAL PLAN

The Forum received and considered a report set out on Agenda pages 17 to 24, which gave an indication of the financial horizon for the Dedicated Schools Grant (DSG) in the next 5 years – 2015 to 2020.

Matt Marsden presented the report and said the it including an assessment of the future financial pressures, based on assumptions of the situation now. It was prepared to help set the scene for the 2016/17 budget setting, and the intention was for it to be updated following feedback, and for it to become part of the annual budget setting process.

In 2015/16 the AWPU had been reduced in recognition of the growth pressures, from the increase in primary pupil numbers. The predictions in the report are based on a suggested further reduction in 2016/17 AWPU of 1.5% to minimise the risk of creating an unmanageable deficit during that year, while Reception numbers continue to increase. Growth in primary numbers will start to slow in 2019. Anticipated pupil numbers will be closely monitored, taking account of the impact from the new housing developments.

Currently outlay is higher for secondary pupils, and as the bulge in numbers moves from primary to secondary, the weighting starts to have a detrimental impact on the DSG, the level of which is assumed to remain flat.

Details of the assumptions are set out in the report, including an indication of the financial impact on different types of schools.

During the discussion the following points were made:

- The Minimum Funding Guarantee (MFG) will carry on, and there is no plan to reduce the AWPU in 2017/18
- The MFG allocation of £2.5m could be removed and used to level off the AWPU, using the reserve pot if needed.
- All schools are expecting to have to fund a 4% rise in employment costs in 2016/17, and you are proposing to reduce the AWPU by 1.5% - that will have a massive impact.
- The reduction in AWPU is to try to avoid a deficit in 2016/17.
- It appears that a risk assessment of the financial impact on existing schools was not done before the decision to create and fund new school growth from the DSG was made, there was no clarity in the decision making process.
- The Council set an ambitious programme for the provision of new schools but did not provide additional money to fund it, schools are having to top slice all budgets to fund this growth. Is there another way of doing it?
- There is, and will continue to be, a huge detrimental impact on existing schools which will put some schools in deficit and will lead to a reduction in standards.
- This impact needs to be fully assessed; schools are frightened that they will not be able to cope.
- Schools are not allowed to set a deficit budget, and are usually refused permission to do so. There is a possibility that it will be reported to the DfE which can affect future Ofsted outcomes. But it seems the Local Authority can be in deficit.
- The Local Authority is here to protect all schools, and the Schools Finance Team will give support.
- Historically schools have predicted that they would be in deficit, but it did not happen by the year end.
- That shows good financial management by schools during the year.
- Although the specific line in the budget for support for schools in financial difficulties was removed in moving towards the national funding formula, there is some provision in the budget. That specific funding was never used.
- As school's staffing/employment costs account for around 80% of their expenditure, the impact of the 4% increase in these costs will see several secondary schools becoming eligible for the MFG.
- Why is there no provision for Early Years attached to the new schools, when there is a national proposal to increase the free provision for 3 and 4 year olds?

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- The last time, primary capacity was increased in the north of the Borough, but there are now surplus places in that area, and less pupils has an impact on schools' budgets. Schools are supporting surplus spaces.
- The Local Authority has a legal duty to provide a sufficiency of school places for children in their area.
- Currently there is an excess of secondary places in the Borough , the shortage predicted in 2013/14 did not come.
- The next meeting of the Council is considering a motion to call for lobbying of MPs, the Secretary of State and the Department for Education about the low level of per pupil funding that Wokingham receives. (*the motion was subsequently agreed at full Council on 23 July 2015*)
- Perhaps schools could help in informing parents of the funding situation that schools are in, as currently they do not realise what is happening.
- Could the overall budget be put into deficit by funding the growth, with the knowledge that it would become a surplus in a few years when the increased per-pupil funding comes through as the new schools fill up? It could be a specific item in the budget.
- Officers will continue to at whether a contribution in funding can be obtained from Health, and CAMHS where appropriate.

All agreed that it is morally wrong that existing schools should be penalised by having their budgets reduced to fund new schools. There is a real danger that standards in schools will be detrimentally affected. The Forum needs to have a clearer picture of the cost of the new schools and the funding coming in.

Brian Grady, Head of Strategic Commissioning, explained that the capital finding for the new secondary school will come from the Local Authority's capital funding allocation and from S106 and CIL contributions relating to the new housing developments in the area.

Details of predicted High Needs Block (HNB) and Special Education Needs (SEN) provision were given in the report. The intention is to reduce the number of pupils having out of Borough placements to meet their needs. A review of provision is currently being undertaken. Comment was made that with the pressures of the new secondary curriculum, some SEN pupils may not be able to cope in main stream schools, so the pressure on Foundry College may increase.

An analysis of internal recharges is being undertaken and will be reported to the September meeting.

An early notice of indicative budgets will be given at autumn term meetings and work will be done with schools likely to be in deficit.

RESOLVED: That the Draft Dedicated Schools Grant 5 Year Financial Plan be noted and the above comments be used to make revisions, which will be reported to a future meeting of the Forum.

57 DEDICATED SCHOOLS GRANT (DSG) - GROWTH PROVISION FOR 5 YEAR PLANNING

The Forum received and considered a report, set out on Agenda pages 25 to 35, giving details of the requirements for growth provision within the DSG.

Officers explained that they had tried to model the impact of funding the provision of new schools and that it was based on current assumptions. The report included graphs

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showing predicted pupil numbers up to 2022, and the cost/funding profiles for new primary and secondary schools.

John Wood, Children's Services Programme Manager, said that the assumption for the new secondary school was for a 6 form entry, with an admission number of 180; although the funding on pupil numbers does not need to be agreed until January 2016. Benchmarking and modelling of the funding required were carried out for inclusion when the proposal was advertised. Proposers included details in their bid, and following selection, the amounts will be negotiated. This will start in September 2015.

Some of the discussion around the 5 Year Plan item in Minute number 56, was centred on growth, however additional comments were made as follows:

- It is the Council's responsibility to provide a sufficiency of places.
- Do we need to have 180 in the secondary, could it not be 90.
- Is there going to be a limit to the growth fund?
- It needs to be recognised that it is in funding the new schools and growth that is putting the schools budget into deficit.
- Schools in deficit will have difficulty in maintaining the high standards expected; by the local authority and parents.
- The accounting for the new schools should be separate.
- It is expected that the level of growth in the budget will not necessarily reduce for a number of years, until the growth in pupil numbers levels off.
- Schools are not happy at being expected to take a reduced budget to fund this growth.
- Is there an option the expanding provision by developing free schools; this is a better option as most of the funding comes from the Government.
- It is the Council's responsibility to assess the impact across the whole organisation, and balance the impact of having to bus pupils to schools against the cost to the DSG. However the savings made would not be given back to the DSG.
- Why are the provider's projects costs included in the funding taken from the DSG?

It was reported that the Children's Services Overview and Scrutiny Committee had been asked to look at the process around setting school budgets and the funding allocation.

RESOLVED: the following:

1) that the concerns of the Schools Forum members that reducing school's budgets to fund new schools is likely to lead to a drop in standards, be acknowledged;

2) that the Schools Forum may not be willing to approve a budget for 2016/17 which includes a £1.2m cut to the AWPU;

3) that there should be transparent accounting of all the costs of the new schools;

4) that the following motion be sent to the Executive Member for Children's Services and the Chairman of Children's Services Overview and Scrutiny Committee, with an explanation of the School Forum's concerns :

"The Schools Forum will adopt the principle that the funding mechanism for the provision of new schools should not have a detrimental impact on existing schools."

58 SCHOOL EXCESS BALANCES BROUGHT FORWARD TO 2015-16

The Forum received and considered a report, set out on Agenda pages 35 to 46, giving details of the Schools Balances, carried forward to 2014/15; and the mechanism for

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assessing whether schools are carrying excess balances which would qualify for claw back.

Donna Munday presented her report and referred to the table on Agenda pages 39 to 46 which gave details of the revenue balances held by each school in each year from 2012. The table in the report gives a summary of the totals for each type of school at the end of the last four financial years, excluding those schools which have converted to academy status within that time. No schools are holding excess funds that would require explanation and that meet the current criteria to instigate a clawback.

The current Clawback Mechanism was set out on Agenda page 37, and it was suggested that as it had never been used in the past, and that it did not apply to Academies, but any money 'clawed back' would have to be distributed to all schools, that consideration be given to abandon the mechanism and the reporting of schools' balances. The feeling was that under the current economic situation schools would not be in a position to have excess balances.

RESOLVED: That:

- 1) the schools balances brought forward to Financial Year 2015/16 be noted,
- 2) a report on the future use of the criteria and mechanism for assessing whether schools are carrying excess balances which would qualify for claw back be brought to the September meeting of the Forum.

59 FORWARD PROGRAMME AND DATES OF FUTURE MEETINGS

The Forum considered and noted the Forward Programme of work as set out on Agenda page 47, and agreed to add a report around the proposed extension of the provision of the free Early Years places for 3 and 4 year olds from 15 to 30 hours per week for 38 weeks to the October meeting.

The next meeting will be held on 23 September, 9.00am at the Civic Offices, Shute End, Wokingham

The dates of future meetings were noted:

21 October, 18 November and 16 December 2015

20 January, 24 February, 16 March and 18 May 2016.

The October meeting will be held at Charvil Piggott School.

60 EDUCATION HEALTH CARE PLANS - TRANSITION ARRANGEMENTS

No report had been received relating to this item.

61 SHARED RESPONSIBILITY FOR SUPPORT SERVICES - UPDATE

No report had been received for this item; a detailed report will be made in September.