
SCHOOLS' BUDGET FORUM
Minutes of a meeting held at the former
St Mary's Church, Tremadog
on 19 November 2013 from 1.30 p.m. until 3.30 p.m.

Present:

Mr Godfrey Northam - Chairman

Cabinet Members: Councillor Siân Gwenllian (Education)
Councillor Peredur Jenkins (Resources)

Corporate Director: Mr Dilwyn Williams

School Heads: Mr Alun Llwyd (Ysgol Dyffryn Ogwen), Mr Eifion Jones (Ysgol Brynrefail), Mr Vaughan Williams (Ysgol Syr Hugh Owen), Mr Gwyn Howells (Ysgol y Gelli), Mrs Sianelen Fleming (Ysgol Llanaelhaearn), Mrs Esme Spencer (Ysgol Baladeulyn), Mrs Menna Wynne Pugh (Ysgol Penybryn, Tywyn).

Governors: Mr Gwynne Pierce (Primary Sector)
Mr Walter Williams (Secondary Sector)

Officers: Mr Dewi Jones (Head of Education)
Mr Hefin Owen (Development Finance Manager)
Mr Owen Owens (Senior Manager, Education)
Mrs Glynda O'Brien (Members' Support and Scrutiny Officer)

Apologies: Mr Harry Thomas (Chief Executive), Mr Iwan Trefor Jones (Corporate Director), Mr Emyr Hughes (Ysgol Dyffryn Nantlle), Mr Dylan Roberts (Ysgol Cymerau), Mrs Iona Jones (Ysgol Bro Cynfal and Ysgol Edmwnd Prys), Mrs Donna Roberts (Pendalar and Hafod Lon Schools), Reverend Robert Townsend (Church Schools).

1. DECLARATION OF PERSONAL INTEREST

Mr Hefin Owen, Development Finance Manager, declared an interest concerning Ysgol Syr Hugh Owen as his wife was Chair of the Governing Body of that school.

2. MINUTES

The Chair signed the minutes of the meeting of the Schools' Budget Forum that took place on 25 June 2013 as a true record.

3. MATTERS ARISING FROM THE MINUTES

(a) Item 6 (a) – Reviewing the Secondary Formula

The Development Finance Manager reported that there was nothing to report on the above, however, the Secondary Formula Review Group would meet on 27 November 2013.

Resolved: To accept and note the above.

(b) Item 6 (ch) - Primary Schools' Allocation Formula Review

The Senior Education Manager reported that there was nothing to report on the above as the Task Group had not met thus far.

Resolved: To accept and note the above.

(c) Item 6(d) – GwE Service Level Agreement (Schools' Efficiency and Improvement)

The Head of Education reported that the above matter was currently being reviewed under the care of Mr Huw Foster Evans, Chief Officer GwE. It was further noted that it had not been possible to hold a Task Group as the primary schools (except for a few) had not signed the Service Level Agreement. Information was shared with the secondary sector recently regarding the budget to commission the new service when it was noted that there was a permanent saving in the service. The GwE Joint Committee resolved to use the underspend to create an extensive budget to enable the Chief Officer to build more support into the organization with the intention of dealing more with schools in the green and yellow categories.

In terms of the primary sector, namely those schools who had not signed the agreement, the matter would be discussed further at the next meeting of the Federation and it was trusted that a positive response would be received following this. All the schools had received a letter from Mr Huw Foster Evans, Chief Officer, and had met him recently and the Head of Education trusted that the schools would be more confident in the future and they could move forward.

The meeting was reminded of what had been noted at the previous meeting of the Forum namely, "that the contract was equivalent to £250,000 and if schools did not agree to commit then it would be necessary for the Authority to reclaim the money from the schools budget next year".

Resolved: To accept and note the above.

(ch) Item 7 (b) – School Balances

- (i) The Development Finance Manager reminded the Forum that eight schools had been identified who had established their budget and estimate of the actual balances much higher than what was anticipated by the schools. The Finance Unit looked into the matter, however, unfortunately there was no comprehensive conclusion and the Forum was requested to defer the matter and discuss it at the next meeting when a written report would be submitted.
- (ii) In terms of legal counsel regarding the operating procedures and legislation to use balances over 8% or exceeding £50k/£100k, it was proposed to re-visit the Legal Unit to find out if the Finance Unit had the right to act on the level of balances on 1 April before the schools established their budgets.
- (iii) The Development Finance Manager noted that he had not consulted with schools as a follow-up to the resolution at the previous meeting of the Forum to go out to consult formally with schools to commit to establish a threshold of 5% or £50,000/£100,000 whichever was the lowest, as a written letter had

been received from the Welsh Government stating that they were going to review this element.

The Development Finance Manager expanded on the four options for the Forum namely:

- (a) Not to act
- (b) Give guidance to schools regarding balances over the threshold of 5%
- (c) Use power to act in accordance with the legislation to take money back when schools have a surplus having set a budget over the threshold of £50,000 / £100,000.
- (d) Consult formally with schools to commit to establish a threshold of 5% or £50,000 / £100,000 whichever is the lowest.

A Member noted the need to stress to schools, in order to avoid any misunderstanding, that this referred to the surplus and not the balances as a whole.

The Cabinet Member for Education expanded on the national picture following a recent meeting with the Minister for Education when it was stated that schools had £69m in reserve which corresponded to £154 per pupil and local authorities had powers to recoup monies. The Cabinet Member was of the view that whilst she accepted that schools kept money in reserve for unexpected plans, she appealed to the Forum to consult with schools and that they should be in a situation where money was used on pupils who are currently in the schools.

The Member noted that there was a risk to push schools to spend all their balances and this was more irresponsible and created a risk to those schools.

In response, the Development Finance Manager stressed that schools had to be responsible by setting their budget and ensure that the balances were reasonable. It would be disappointing to realise that a school established a budget and did not spend it, but it was also understood that matters arose specifically in the secondary sector during the year such as a member of staff resigning or retiring. It was further noted that a clear and transparent system was required that was understandable to all.

Following a vote:

Resolved: Unanimously, to request that the Development Finance Manager formally consults with schools in order to commit to establishing a threshold of 5% or £50,000 /£100,000, whichever is the lowest.

(d) Item 10 – Increasing Decentralisation

The Development Finance Manager referred to the response of the Education Minister to the Welsh Local Government Association regarding devolving funding to schools that stated “that he was heartened by the progress made since 2010 with delegated expenditure to schools having increased from 76.2% in 2011-12 to 82.3% in 2013-14”. The letter further stated that Robert Hill in his report on the future provision of education services in Wales presented a number of options regarding finance for education and schools and whilst he focused on financial issues, he did not focus on the current form of delegation. However, the report suggested that a

new target should be formulated using a more logical basis by noting a specific block of finance for statutory local authority functions (and other functions that could not be sensibly delegated such as school transport and coordinated access) with a specific finance block for schools. It would then be expected that all or nearly all the expenditure blocks would be delegated to schools. The Education Minister noted that the observations of WLGA were supported by several submissions to the public consultation on the Robert Hill report and he would welcome a discussion on how attention and energy could be re-focused towards a wider range of financial options within the Hill report.

Resolved: To accept and note the above.

(dd) Item 11 – Robert Hill Report commissioned by the Minister for Education.

The Head of Education reported that stemming from the Robert Hill report, a Leadership Development Board had been established and it was pleasing to congratulate Mr Alun Llwyd, Head of Ysgol Dyffryn Ogwen and Mr Rhys Hughes, Head of Ysgol Cae Top, Bangor, on their election to serve on the Board.

Significant national discussion had taken place and Mr Huw Foster Evans, Chief Officer of GwE, was part of those discussions in the context of developing a new National Model that would give guidance to the four regional consortia that had now been established in Wales. It was anticipated that the model would entail looking again at the constitution of the GwE Joint Committee with an Executive Board that could mean less local influence.

From the areas of discussion, it was noted that the most contentious issue was did the national procedure replace local powers? It was further noted that four national Groups had been established to consider the following four areas:

- (1) What is the purpose and intent of the regional services?
- (2) What is the commissioning procedure and the governance arrangements?
- (3) What are the budgets and the business plans?
- (4) Develop the idea that schools assist each other.

It was expected that the Welsh Local Government Association would support the new National Model and sign it on 30 November this year and by February 2014 it was expected that the four regional consortia would submit business plans with the new Model operational on 1 April 2014.

Resolved: To accept and note the above.

5. THE COUNCIL'S FINANCIAL STRATEGY

Mr Dilwyn Williams, Corporate Director, presented a report to Members of the Forum and drew specific attention to the following points:

- (a) Reference was made to the following table that demonstrated the Council's original strategy that predicted that the savings plans for 2013/14 and 2014/15 were more than sufficient to meet the deficit for those years, however, it would be necessary to establish a series of further savings for 2015/16 and 2016/17:

£m	2013/14	2014/15	2015/16	2016/17	Total
Deficit planned for	1.9	4.7	9.8	8.4	24.8
Savings already found	3.6	4.6	0.5	-	8.7
Further necessary savings	(1.7)	0.1	9.3	8.4	16.1

(b) The above was based on a statement from the Welsh Government in February this year that local government grant would increase by 0.8% in 2014/15 which would mean an increase of around £500,000 in the Cyngor Gwynedd grant.

(c) By now, the draft settlement claimed that the local government grant would reduce on average across Wales in 2014/15. However, the actual reduction was higher due to the way the Government had dealt with the Council Tax and the new money given to fund the loans scheme to improve roads. Taking these two issues into consideration, the actual reduction across Wales was nearer 4% and the reduction in Gwynedd near -4.7%. This was equivalent to a grant reduction of £8.3m for Gwynedd Council.

(ch) In terms of the implications to School budgets, until the Cabinet had considered all the options open to them, it was noted that it was difficult to be specific regarding what would happen to the schools budget; however, currently they were discussing the following:

- Accept that they would adapt budgets to take demography into consideration (this would have a varied impact on different schools according to increase/reduction in the number of pupils)
- To note that schools would accept an increase in the grant for pupils from deprived backgrounds (that would be of varied benefit to schools according to the number of relevant children they have)
- Otherwise, retain school budgets roughly as they are this year (inflation on wages and 'other' additional inflation given to schools for this year would be above what they needed together with a small addition by the Council this would be sufficient to meet with inflation)
- Because of the situation that was becoming evident in Meirionnydd, until a plan had been established to answer the problems of the Secondary sector there, it was proposed to present a security scheme for any Secondary school with fewer than 260 pupils at the Council's cost.
- There would be minor changes to individual schools because of the way the formula worked (because of the impact of the number of children who receive free school meals for example) and as a result of this security given to schools no other bids would be considered (this could mean having to funding the increase in the demand for free breakfast from the current budget).

The Corporate Director stressed that if the Cabinet could realise the above wish, this would place schools in a much better position than any of the Council's other services.

It was further noted that no plans had yet been discussed for 2015/16 and therefore the Corporate Director could not give assurance what would happen in that year. If there was any intention to implement a reduction in the schools budget an assurance was given to the Forum that they would be informed as soon as possible and it was anticipated that there would be discussions on this in the period April – June 2014.

(d) During the ensuing discussion the awareness of the Forum was raised regarding the Secondary sector and their concern regarding the unexpected news in the way of funding post 16 education from April 2014 onwards. This would have a significant impact on schools with a sixth form and it was suggested that a letter should be submitted to the Welsh Government in the name of the Cabinet Member for Education stating discontent regarding the cuts in the grant, the method and the timetable for implementation.

(dd) In response, the Head of Education referred to a letter received from the Head and Chair of Governors at Ysgol Syr Hugh Owen that anticipated, on the basis of the Government's new funding, that the budget would be equivalent to 28% of the sixth form budget received for the last three years. It was asked that the Authority capped and set a 'safety net' to any cut to individual schools at 10% for the 2014-15 year only, this would enable schools to plan for the level and budget system in the future retaining the commitment to the students currently in Year 12. The Head of Education noted that the Post 16 Consortium had been set up to look at courses and how they could be rationalised for 2014 and the following years. It was ensured that the Education Service would hold discussions and consider the way forward.

Resolved: (a) To accept and note the contents of the corporate Director's report on the financial strategy.

(b) To accept and note the contents of the letter from the Head and Chairman of the Governors at Ysgol Syr Hugh Owen raising the Forum's awareness of how schools will be effected as a result of cuts to the post 16 grants from the Welsh Government.

(c) To request that the Cabinet Member for Education submits a letter to the Welsh Government conveying the discontent of the Forum to the cuts in funding post 16 education, as highlighted in (d) and (dd) above.

6. SCHOOL BALANCES – REPORT TO THE WELSH GOVERNMENT

Submitted: The Head of Education's report together with a recent publication by the Welsh Government on school balances, 31 March 2013.

The Development Finance Manager referred to a table attached to the report that compared the balances of Gwynedd schools with the remainder of the local authorities in Wales, and it was seen that the percentage of balances in Gwynedd schools against the devolved budget was 4.5% compared with the Wales average of 3.3%. It was noted that the comparatively high level of balances in Gwynedd schools continued to cause concern as some schools did not currently make the best use of the finance available for pupils within the education system. It was stressed also that the high level of balances in some Gwynedd schools could create a barrier when the Education Cabinet Member tried to protect schools from high financial cuts.

The Head of Education added that Robert Hill suggested a national model in his report and the reasons why schools were in the good category should be considered and those considerations included financial management. It was further suggested that if schools were consistently in the green category, that they should not be concerned, however, if a school was categorised as amber or red and carried balances forward then detailed consideration should be given to their position and ensure that the budget was used for educational standards.

Resolved: (a) To accept and note the contents of the report.

(b) To request that the Development Finance Manager when formally consulting schools regarding the balances (as outlined in Item 3 (ch) above) includes a paragraph of explanation as a background to Head teachers of the importance of the above.

7. SERVICE LEVEL AGREEMENTS

(a) Update of the Service Level Agreements 2013/14

The Senior Education Manager reported on the 2013/14 Service Level Agreement as follows:

(i) Integration – that the agreement had been extended for another year and every school had committed to it.

(ii) Cognition and Learning Team – that one primary school had not continued with the agreement.

(ii) Maintenance – Secondary - that one secondary school was late responding and it was promised that the education authority would accept a signed agreement however, they were still awaiting the agreement.

(iii) Maintenance – Primary – that seven schools had committed to the agreement whilst the remainder had abstained from signing as a result of discussions regarding the workload of head teachers. It was noted that a great deal of work had been undertaken to respond to concerns and it was trusted that things could proceed quite soon.

(iv) Governors' Clerk - seven schools had committed to this Agreement and now three members of staff had been appointed to the Clerks' pool with one permanent officer.

(b) Service Level Agreements that need to be reviewed for April 2014

The Senior Education Manager reported that several agreements were winding up and needed to be renewed namely:

- (i) Primary Sector
 - Libraries
 - Archives
 - Cognition and Learning Team
 - Integration
 - Education Support Unit (Area Office)
- (ii) Primary and Special Schools - Catering
- (iii) Primary, Secondary and Special Schools
 - Financial Advice
 - Bank Management
 - Wages and Personnel
 - Land maintenance

It was noted that schools were already familiar with the above except for the Grounds Maintenance agreement and it was proposed to consult with them and to present draft versions to include amendments.

In terms of the Grounds Maintenance agreement, the specification would be common to every school but showing different surfaces of the specific schools.

In response to a query from a Member it was confirmed that the Cleaning service level agreement would be renewed in March 2015.

Resolved: To accept and note the above.

12. DATES OF NEXT MEETINGS

It was reported that the next date had been determined for 20 February 2014, however, it was understood that a meeting for governors had been organised for this date and it was asked if it was possible to change the Forum date.

Resolved: To request that the Members' Support Officer finds another date for the next Forum meeting.

CHAIRMAN