

EDUCATION SERVICE:

MEETING OF CARDIFF SCHOOLS' BUDGET FORUM



Time: 8.30am – 10.30am
Date: 16th October, 2019
Location: Committee Room 1

DRAFT AGENDA

Ref	Item	Category	Lead
1	Apologies & welcome to the SBF	Standing item	Chair
2	Minutes from previous meeting (10 th July 2019) and matters arising:	Standing item (papers attached)	Chair
3	School Budget 2020/21 pressures	Information and Discussion (presentation)	Neil Hardee/Rob Green
4	ALN update	Information	Jennie Hughes
5	Post 16	Information	Neil Hardee
6	Financial Position Redundancy, MSF, CNE	Information and Discussion	Rob Green
7	SLA	Information (to be tabled)	Neil Hardee
8	Any Other Business	Standing item	Chair

Future Meeting Dates:

2019

2020

27.11.2019

15.01.2020

11.03.2020

08.07.2020

EDUCATION DIRECTORATE

MINUTES OF THE MEETING OF CARDIFF SCHOOLS' BUDGET FORUM



Time: 8.30am – 10.30am
Date: 16th October 2019
Location: Committee Room 1, County Hall
Present: Sarah Griffiths - Chair (SG), Cllr Chris Weaver, Rob Green (RG), Neil Hardee (NH), John Hayes (JH), Angela Jardine (AJ), David Harris (DH), Adrian Dinsmore (AD), Nic Naish (NN), Suzanne Williams (SW), Abigail Beacon (AB), Jane Marchesi (JM), Sara Allen (SA), Tracey Stephens (TS), Jane Counsell (JC), David Silver (DS), Mari Phillips (MP), Karen Dell'Armi (KA), Jennie Hughes (JHu) Louise Bloom – Clerk (LB)

Apologies: Cllr, Sarah Merry, Cllr Joel Williams (JW), Nick Batchelar (NB), Ian Allwood (IA), Mike Tate (MT), Richard Portas (RP), Marc Belli (MB), Geraldine Foley (GF), Kevin Hart (KH), Jane Setchfield (JS), Ivor Gittins (IG), Ann Griffin (AG), Sarah Parry (SP), Diane Gill (DG), Andrew Skinner (AS)

Ref	Conclusions/Actions	Who
1	Apologies and welcome	
1.1	Apologies were noted and accepted by the Chair.	
2	Minutes of the previous meeting and matters arising	
2.2	The minutes of the meeting held on 10 th July 2019 were agreed as a true record, subject to an amendment for an attendee.	
2.3	<u>Matters arising</u>	
2.4	<p>Minute 2.4: Information on redundancy and school balances were circulated to the forum.</p> <p>NH reported that NB and NH recently attended Audit Committee where school balances were discussed. Eighteen schools in excess of the WG threshold were previously written to with a direction to spend, with only four of these schools followed the direction, the remaining fourteen schools holding excess (over £50k for primary schools, £100k for secondary/special schools or 4% of their delegated budget). These schools have been written to again and invited to meet with officers to discuss why the direction has not been followed, clawback will be considered.</p> <p>NH added that the MTFP group will reconvene after half term and will update on work undertaken by officers.</p> <p>RG gave feedback on the WG education funding review, following the release of the recommendations from the CYP Committee enquiry. WG have summarised the recommendations into two categories – sufficiency of funding and distribution of funding - and have requested that local authorities work with</p>	

	in collaboration with WG on the review.	
2.5	<p>Minute 3.1: Paper circulation prior to the meeting included an EIG update and a letter written to the Minister on behalf of the Fitzalan HS cluster regarding the impact of possible loss of MEAG. NH advised discussions are ongoing. He will later meet the chair of Kitchener Primary school to continue discussions on distribution of funding. NH also referred to the work being undertaken by the Distribution Sub Group (DSG) and it was noted that the settlement is based on statistics, which differ with each authority and could result in a reduction of up to 25%. £900,000 is retained centrally for staff. DH pointed out that the Minister had separately confirmed that MEAG would be sustained at the same level this year and members agreed to pursue a definitive decision on increased commitment. NH will compose a letter and share with the forum, inviting input from WLGA, unions and schools. Members pointed out that funding would affect staffing and decisions on setting school budgets, few schools have surplus budgets.</p> <p>The Chair referred to concerns raised at the previous meeting of Out of County LACE pupils not being funded and recommended the pupil's local authority be approached to reclaim the funding. This is being looked into, with lobbying to WG on LACE. DH recommended improving LACE data by adding PLASC and other categories to provide visibility behind the scenes, at present some pupils receive support without funding.</p>	All
2.6	Minute 6.1: NH will feedback to David Lowe the contingency fund (circa £500,00) is to be redistributed to schools that had bought in but not yet benefitted. The Contingency Panel will be subsumed within the Asset Commissioning Group, considering requests from schools at meetings taking place on a fortnightly basis.	NH
2.7	<p>Minute 9.1: NH made reference to the Health and Safety pilot, to be revisited at a future meeting. Feedback pointed to the pilot working better than the previous system, however some felt it could be a better service. A quarterly update on compliance across the authority shows that Education is performing well. A pooled arrangement is hoped to be continued and will be decided by the LA, in the meantime, current arrangements will remain.</p> <p>Some members raised concerns on communication problems between staff employed at schools, SOP, FM and Health & Safety officers, the concerns will be addressed. TS suggested redistribution of Health & Safety officers across schools as needed.</p>	NH
3	School Budget 2020/21 pressures	
3.1	<p>RG presented an update on the school budget 2020/21. During discussion the following was noted:</p> <ul style="list-style-type: none"> · Savings proposals within directorates are continuing to develop. · Provisional settlement is likely to be six weeks later than normal (late November 2019), which will condense the budget setting period until late February. · Consultation is expected in late December to the middle/end of January. · WG consultation on an increase to teachers' pay of 2.75% on all grades 	

	<p>except M1, where a 5% increase is proposed, concluded on 16th September. A decision has not yet been agreed. Lobbying through WLGA is being undertaken to ensure teachers are fully funded. AJ will update further.</p> <ul style="list-style-type: none"> · At a recent ADEW finance meeting it was reported that PDG set at PLASC 2016 levels may be changed to PLASC 2018. Individual school impact will need to be considered, as well as the whole funding picture. · Cardiff will have access to ICT infrastructure Grant 2019/20 funding of circa £5m in 2019/20. The majority of which will be via a WG catalogue rather than distribution to LAs. The grant would bring infrastructure up to a certain level in schools and ultimately reduce annually. LAs would need to develop a sustainable funding model once concluded and consider as part of the development of the formula. · Members questioned whether all schools would benefit as some schools have a good level of IT. NH advised a baseline audit has been undertaken; a bid to WG will be formulated by October 2019 and submitted by the middle of November. Schools would be raised to an equal level although some schools may not benefit in the first round, as it is an investment programme they would benefit at a later point. · Schools that already have a good level of IT may be an example of best practice and sustainability, with pilots suggested in primary schools. · Members pointed out some schools have invested heavily in ICT, the scheme could dis-incentivise investment. NH will email schools to capture ICT spend; a dialogue would be held with schools that have not spent on ICT. · Members drew attention the importance of education and requested the budget be protected. Cllr Weaver explained education and social services are protected comparatively more than other services. However, the budget is subject to change. Savings greater than 1% are sought from other service areas and this will continue. No areas are ring-fenced, social services has pressing issues. · RG explained circa 1% savings are sought from schools and equates to the 30% cap previously in place. Pupil numbers are unknown and fluctuations can affect schools. · A member suggested health and education work collaboratively to compliment each other. 	<p>AJ</p> <p>NH</p>
4	ALN update	
4.1	<p>JHu reported implementation of ALNET has been deferred from September 2020 to September 2021. Regional work is progressing well. Financially, CNE, the ALN Formula and the ALNCo role will be considered as part of the implementation of ALNET. As such, the CNE working group will merge with members of the ALN Strategy Group to form one group and bring back issues to the School Budget Forum. CNE/ALN funding task and finish groups will be held on 22nd October, 19th November and 21st January. The group has good head-teacher representation, welsh medium head-teacher representation is welcomed. It was noted Designated Education Clinical Lead Officers (DECLO) are not in place yet, health officers are considering how to resource the new process.</p>	

5	Post 16	
5.1	NH advised a pro-forma would be circulated to schools next week requesting actual Sixth Form pupil numbers, to include a narrative showing historic evidence. This will inform redistribution of this year's funding, incorporating an additional £408k from WG to post-16 schools.	NH
6.	Financial Position Redundancy, MSF, CNE	
6.1	<p><u>Redundancy</u></p> <p>RG reported that currently exit costs total £1.057m, an overspend of £29k. Options for the overspend would need to be considered during the remainder of the year and will partly depend upon the final position against other pooled budgets, other underspends may be able to offset the spend. The ongoing sufficiency of a £1m redundancy budget will be considered at year-end, although is likely to be retained.</p> <p><u>CNE</u></p> <p>A pooled budget of £252,000 remains to meet the cost of CNE payments in 2019/20 and is unlikely to be sufficient. Projected year-end overspend is estimated to be circa £359,000 and would be clawed back from primary and secondary schools (special schools do not benefit from the pooled CNE budget). The CNE/ALN group will consider funding concerns, but this position reflects a more positive position than in previous years.</p> <p><u>MSF</u></p> <p>Figures to date indicate potential in-year underspend. Should an underspend result, and with a clawback having been implemented during the year, the historic deficit would be eradicated and may provide a buffer for future years or reduce future contributions from schools.</p> <p>AB drew attention to an increase of supply costs for schools. RG explained the fixed rate is reimbursed quickly and schools may make a claim for the difference. A reminder will be circulated to schools that the difference in pay can be claimed back. A new supply framework will be in place in September. AJ pointed out costs were detailed in the last newsletter circulated.</p>	RG/NH
7.	SLA	
7.1	NH outlined analysis of SLA buyback. Building services and cleaning lie outside of SLA. A number of SLA meetings are scheduled, aiming to gather feedback on services and raise awareness of any changes. The first meeting will follow on from the SBF meeting in November. NH will send an email inviting SBF members and Chairs of conferences.	NH
8	Any Other Business	
8.1	NH noted the proposal for St David's College to return to the LA was rejected by WG.	
9	Date of next meeting: 27 th November 2019	

Cardiff Schools Budget Forum
Mutual Supply Fund

Date of meeting:	16 th October 2019
Time of meeting:	8.30 am
Venue:	CR1, County Hall

1. Purpose of report

The purpose of this report is to note the total expenditure attributable to the mutual supply fund (MSF) as at Month 6.

2. Background and Context

The financial costs and rationale for reimbursements are regularly monitored by the Education Finance Team and this report is primarily based on the claims and reimbursements made to date. During April 2019, schools submitted reports to LFM to be reimbursed for MSF related costs relating to the last month of 2018/19 and these additional charges totalled £403,000. Assumptions have been made as to the expenditure that may be incurred during the remainder of the financial year, however these figures could change before April 2020.

3. Key Issues

Following the implementation of a clawback totalling £500,000 during 2018/19, the cumulative overspend carried forward from 2018/19 was £796,000. Contributions and reimbursements to date are outlined below.

2019/20:

Total contributions for 2019/20	£4.41m
Charges to MSF for M1-6 Sickness	£0.86m
Charges to MSF for M1-6 Maternity	£0.58m
Charges to MSF for M1-6 Other (incl suspensions)	£0.12m
Estaimted Charges to MSF for M6-12 (pro rata)	£1.56m
Total charges to MSF	£3.52m
Total underspend for 2019/20	£1.29m

Projected Movement on Historic MSF Liability

	£m
Opening Balance	0.796
2018/19 Charges Reimbursed in 2019/20	0.403
Additional Clawback	(0.500)
Projected 2019/20 In-year Position	(1.290)
Projected Balance at 31 March 2020	(0.591)

4. Financial Implications

The figures above indicate the potential for an in-year underspend, should the trends to date continue for the remainder of the year. However, this assumes that all claims from schools have been submitted and, therefore, that the expenditure for the first six months of the year is reflective of the likely spend for the remainder of the year. As outlined in the table on the previous page, should an underspend result, this, coupled with the clawback implemented during this year, would result in the historic deficit being eradicated, In addition, it would either provide a buffer for future years or reduce the contributions required from schools going forward.

5. Recommendation

To note the contents of the report.

Cardiff Schools Budget Forum
Redundancy Update

Date of meeting:	16 th October 2019
Time of meeting:	8.30 am
Venue:	CR1, County Hall

1. Purpose of report

The purpose of this report is to provide an update on the in-year position against the pooled redundancy budget for 2019/20.

2. Background and Context

For the 2019/20 financial year, an amount of £1 million is available as a pooled budget within the overall school budget. This money has been earmarked for any redundancies, occurring between 1 April 2019 and 31 March 2020, which fall within the Council's criteria for funding from the pooled budget. The total budget available reflects an increase of £400,000 on the budget held during the previous year, in recognition of the significant increase in redundancy costs incurred during 2018/19. In addition, a balance of £28,000 is also available should it be required to offset expenditure during 2019/20. This balance was the result of the in-year clawback undertaken in 2018/19 being slightly higher than required.

3. Current Position

The latest information, as per redundancy schedules held by the Council's HR department, indicates exit costs totalling £1.057 million. This amount is split as follows:

Cost/numbers of redundancies	Primary Schools	Secondary Schools	Total
Teaching Staff	£68k (3)	£87k (5)	£155k (8)
Support Staff	£684k (54)	£218k (14)	£902k (68)
Total	£752k (57)	£305k (19)	£1.057m (76)

There have been no redundancies in special schools to date. It is not possible to make a projection as to how much additional expenditure will be incurred between this point of the year and the end of the year, however it would ordinarily be low, on the basis that the majority of exits take place around the end of the academic year.

4. Financial Implications

On the basis of available funding totalling £1.028 million, a spend in the region of £1.057 million, or higher, would clearly result in an overspend within 2019/20. Options for funding this overspend will need to be considered during the remainder of the year and will partly depend upon the final position against other pooled budgets as other underspends may be available to offset. Should this option not provide the level of funding required, it will be necessary to consider other options, including the implementation of a clawback from schools.

In terms of the ongoing sufficiency of a £1m redundancy budget, it is difficult to predict with accuracy whether or not that would be sufficient going forward. It will largely depend upon the level of expenditure that is incurred during the remainder of the year. Should expenditure not significantly increase between now and the year end, it would suggest that a budget of £1m would be appropriate. If costs were to increase significantly, then consideration may need to be given to increasing the budget further in 2020/21. Alternatively, a review of the criteria for funding redundancies may also need to be undertaken to ensure that redundancy costs remain affordable, within the overall school budget, in the future.

5. Recommendation

To note the current position in respect of the redundancy pooled budget in 2019/20 and the projected overspend position for the year.

Cardiff Schools Budget Forum
Complex Needs Enhancement

Date of meeting:	16 th October 2019
Time of meeting:	8.30 am
Venue:	CR1, County Hall

1. Purpose of report

The purpose of this report is to provide details on the expenditure on Complex Needs Enhancement (CNE) during the 2019/20 financial year and financial implications for the year.

2. Background and Context

In 2018/19, the total Complex Needs Enhancements delegated to school budgets was £8.680 million. By the year-end the total CNE was £11.182 million reflecting in year payments of £2.502 million. A budget of £1.5 million had been set aside to fund the CNE payments that were expected to occur during 2018/19. This budget was insufficient and the overspend was recovered from schools on a claw back basis at year-end.

For 2019/20, the total Complex Needs Enhancements delegated to school budgets was £10.474 million and the budget set aside to meet the cost of in-year CNE during 2019/20 is £1.5 million. CNE payments during the year fund new CNE, age promotions (Primary to Secondary; and Nursery to Primary) and revisions to funding levels.

The Enhanced Funding for each category has remained unchanged from 2018/19 with full year amounts being:

Nursery £5,849
Primary A £14,624
Primary B £8,775
Secondary A £14,624
Secondary B £11,699

3. Key Issues / 2019-20 update

The total value of CNE delegated to schools was £10,474,000. As at the end of September, the total value of CNE payments has increased to £11,722,000, reflecting in year payments between April 2019 and September 2019 of £1,248,000.

A pooled budget of £1,500,000 is set aside to meet the cost of CNE payments during 2019/20. Therefore, there is only £252,000 remaining in the pooled budget to fund CNE between October 2019 and March 2020, which is unlikely to be sufficient.

The table below presents the information split between Primary and Secondary schools.

	Total (at end Sep)	Primary	Secondary
Total CNE	£11,721,589	£7,404,353	£4,317,236
CNE delegated	£10,474,126	£6,415,407	£4,058,719
CNE paid Apr-Sep	£1,247,463	£988,946	£258,517
Budget pooled for in year CNE payments	£1,500,000		
Budget remaining	£252,537		

The profile of expenditure to date suggests an average increase of 10.3% on 2018/19 CNE. By year-end CNE could therefore total £12,333,000 reflecting in year payments of £1,859,000. This would represent an overspend of £359,000 against the pooled budget and would be recovered from Primary and Secondary schools using the ALN formula weighted pupil number for each school as the apportionment basis.

4. Financial Implications

The current balance remaining on the pooled CNE budget is £253,000 as at the end of September. The projected year-end overspend is likely to be in the region of £359,000 and would be recovered from Primary and Secondary schools using the ALN formula weighted pupil number for each school as the apportionment basis. Special Schools are not included in the claw back as they do not benefit from the pooled CNE budget.

It should be noted that the current position, whilst reflecting a likely overspend, represents an improvement on the previous financial year, where the pooled budget had already been overspent by circa £500,000 at the equivalent time of year.

The pooled budget of £1,500,000 for 2019/20 would appear to be insufficient to meet CNE in year demand, and will continue to be so unless one of the following occurs:

- Number of pupils presented as Complex Needs reduces
- The amount of funding for each Complex Needs Enhancement is reviewed and reduced.
- The amount of pooled budget is increased.

5. Recommendation

To note the 2019/20 projected outturn position on Complex Needs Enhancement.



School Finance Update 2020/21
School Budget Forum
16th October 2019



Gweithio dros Gaerdydd, gweithio gyda'n gilydd
Working for Cardiff, working together

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Contents

- Council Budget Process
- Reminder of Council Budget Gap
- School Key Financial Pressures – Pay, Pensions
- Grants, including ICT Infrastructure Grant



Council Budget Timetable

- Budget Strategy Report approved in July 2019
- Work continuing to develop savings proposals within directorates
- Provisional Settlement likely to be received later than usual – late November 2019
- Likely that grants will follow – early December
- Final Settlement release unknown
- Budget must be set by March 2020



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Reminder of 2020/21 Budget Gap & Strategy

- The 2020/21 Budget Strategy Report sets out a potential budget gap of £25m for 2020/21 and £101m over the medium term.
- This reflects a combination of inflationary pressures, demographic growth and an estimated 0.5% reduction in AEF.

MTFP at July 2019	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Financial Pressures	23,728	25,711	22,495	21,222	93,156
Funding Issues (net)	1,251	2,212	2,201	2,190	7,854
TOTAL BUDGET GAP	24,979	27,923	24,696	23,412	101,010

- The gap is to be addressed via 4.5% Council Tax increase, 1% School's Efficiency and savings totalling £18.5m.



School Pay and Pensions Pressures

Teachers' Pay

- WG have recently consulted on an increase to teachers' pay of 2.75% on all grades except M1, where a 5% increase has been consulted on.
- The impact of the award is estimated to be circa £600k in 2019/20.
- The Council originally funded an assumed 2% pay award, which was subject to the 30% cap.
- It is currently assumed that WG funding will be provided to cover the cost of the difference.
- **WG have not confirmed their position regarding this funding in either 2019/20 or going forward.**

Teachers' Pensions

- At the time of setting the 2019/20 budget, WG funding for the Teachers' Pension increase had not been confirmed.
- The Council fully funded the estimated cost pressure, which was then subjected to the 30% cap.
- WG funding was subsequently forthcoming (£4m). This will be fully passported to schools, allowing a release of the base budget originally provided – circa £3m.
- It is assumed that this funding will be transferred into the settlement for 2020/21 and the full year effect will be funded (further £3m).
- **WG have not confirmed their position regarding this funding going forward.**



Grants

- Very little update from WG provided at the last ADEW Finance Meeting
- WG are hoping for continuity regarding MEAG, but could not confirm anything – even with continuity, Cardiff could lose out if a revised distribution basis is introduced.
- PDG – WG confirmed that they are looking at using more current PLASC data for the distribution of PDG (PLASC 2018?)
- No update on Post-16 Grant.
- ICT Infrastructure Grant 2019/20:
 - Confirmed that Cardiff will have access to funding totalling circa £5m (majority to be spent via WG catalogue, not distributed to LAs).
 - To be used to bring infrastructure up to a certain level in all schools.
 - No guarantee of funding going forward but WG officers are hopeful.
 - In any case, the annual amount would reduce year on year and LAs would need to develop a sustainable funding model to take its place.

