



## Wirral Schools Forum

<b>Date:</b>	<b>Tuesday, 12 April 2011</b>
<b>Time:</b>	<b>6.00 pm</b>
<b>Venue:</b>	<b>Council Chamber, Wallasey Town Hall</b>

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## AGENDA

1. **APOLOGIES**
2. **MINUTES FROM PREVIOUS MEETING (Pages 1 - 8)**
3. **MATTERS ARISING**
4. **TRADED SERVICES UPDATES - EQ**  
Presentation by Mark Parkinson
5. **TRADED SERVICES - WORKING GROUP UPDATE (Pages 9 - 10)**
6. **SPECIAL EDUCATION NEEDS - GREEN PAPER**  
Briefing by Paul Ashcroft
7. **DEPRIVATION UPDATE AND TABLED PAPERS**  
Report deferred from January meeting. Report attached to the back of the agenda.
8. **SCHOOLS REDUNDANCIES UPDATE**
9. **SCHOOLS JOB EVALUATION AND PAY HARMONISATION (Pages 11 - 14)**
10. **SCHOOLS BUDGET UPDATE (Pages 15 - 18)**

11. **EXCESS BALANCE MECHANISM (Pages 19 - 22)**
12. **SCHOOLS FINANCIAL VALUE STANDARD (FMSIS REPLACEMENT) (Pages 23 - 40)**
13. **SCHOOL FINANCE REGULATIONS 2011 -CHANGES (Pages 41 - 46)**
14. **LOCAL FUNDING FORMULA CHANGES WORKING PARTY**  
Request for Working Party members
15. **FORUM WORK PLAN FOR 2011 (Pages 47 - 48)**
16. **ANY OTHER BUSINESS**

# Agenda Item 2

## WIRRAL SCHOOL FORUM 25 JANUARY 2011 MINUTES

**Present:** R. Longster (Chair)

Schools Group

S. Dainty	C. Mann
A. Baird	J. Owens
E. Cogan	B. Renshaw
B. Cummings	D. Richards
P. Dixon	S. Wall
L. Ireland	J. Weise
M. Jackson	P. Sheridan
M. Kophamel	G. Zsapka

Non-Schools Group

S. Davies	S. McNamara
P. Ham	M. Potter
J. Kenny	N. Reilly
D. McDonald	

**In Attendance:**

D. Armstrong	P. Edmondson
P. Ashcroft	M. Lightburn
J. Bevan	M. Parkinson
J. Bulmer	A. Roberts
Cllr. S. Clarke	C. Warbuton
T. Dodd	

**Apologies:**

M. Bevan	M. Mitchell
I. Cubbin	C. Penn
I. Davies-Foo	G. Peters
Cllr. P. Hayes	

Mr Longster welcomed everyone to the meeting and brief introductions were made. Since the last meeting, Howard Cooper has left his post as Director of Children's Services. The Forum wanted to record their thanks and recognition for his work, and extend their congratulations on his CBE.

David Armstrong was welcomed as the Interim Director of Children's Services.

Agenda Items 5 and 12 will be deferred until the next meeting. Mrs Cogan had several points to raise relating the deprivation review, she will forward these to the Chair.

**1. APOLOGIES**

Apologies were received as recorded above.

**2. MINUTES FROM THE PREVIOUS MEETING**

The minutes from the meeting were accepted as a true record

**3. MATTERS ARISING**

All matters arising are agenda items for this meeting.

**4. CARBON REDUCTION COMMITMENT UPDATE**

Mr Dodd presented his report on the carbon reduction commitment energy efficiency scheme.

The key points are:

- The recycling payment mechanism has been removed

- The first sale of allowances has been deferred until 2012
- The league tables will still be published as planned but will only have a reputational impact
- 100% of allowances must be paid for each site
- The financial implications for schools as detailed in the report are significant
- About half of the total carbon allowances will be for schools.

Schools need to focus on improving energy consumption this year – allowances for 2012 will be based on consumption between April 2011 and March 2012.

Mr Armstrong reported that work is being undertaken to improve energy consumption, including a pilot at Hilbre High School which automatically shuts down PCs out of hours, and targeting inefficient boilers.

Mr Roberts reported that the LA has been advised to accrue the first carbon charges in the 2011-12 school accounts.

Mr Dodd reported that a company has been selected for the installation of Automatic Meter Readers, but that a lot of technical information is needed before the installations can commence. This includes photographs of all gas meters. Gathering this information takes a lot of time, but is important in ensuring that we are not charged for aborted visits. Mr Dodd highlighted the financial benefits in obtaining accurate readings and monitoring energy use.

Mr Roberts confirmed that the cost of installing these meters would still be met centrally.

Resolved:

- (i) That the Forum note the report
- (ii) That the Forum continue to encourage schools to actively reduce their energy use and associated carbon emissions in an effort to minimize the financial effects of the changes to the CRC Energy Efficiency scheme.

**5. EDUCATION WHITE PAPER**

Deferred to next meeting.

**6. PROPOSED CHANGES TO LMS FUNDING FORMULA FOR SCHOOLS 2011/12**

Mr Roberts summarised his report on the proposed changes to the LMS funding formula.

The Government consultation in September required some local formula changes. Wirral schools were consulted on these changes, and the outcome of the consultation is recorded in the paper.

Mrs Cogan commented that harmonisation is difficult for Foundation Schools who directly employ their staff as this has not gone through as law yet. These schools who also have very few TAs do not wish to contribute to harmonisation costs.

Resolved:

- (i) (With 1 abstention) That the Forum agree the referral of these local formula changes to Cabinet for approval

**7. FUTURE FUNDING OF GILBROOK OUTREACH SUPPORT**

Mr Bulmer presented his report on the future funding of the outreach service from Gilbrook School.

Following the agreement of the Forum in September that the outreach service should be funded centrally, schools were consulted on the proposals. All except one supported the scheme.

As there will be no additional headroom money in the 2011-12 settlement, the central SEN budget will be used.

Staff at Gilbrook will now define their service to all schools, detailing the support available and the eligibility threshold for children. The service will be visited by the Ofsted team next week who are currently inspecting children's services in the local authority.

Mr Armstrong reported that Gilbrook School has been relocated to the Arrowe Hill Primary site, providing outdoor space for pupils and space to locate the new service.

Resolved:

(i) That in view of the outcome of the consultation the recommendations of the Schools Forum at its meeting on the 29<sup>th</sup> September 2010 are confirmed.

**8. IMPLEMENTATION OF THE EARLY YEARS SINGLE FUNDING FORMULA**

Mr Roberts presented his report of the Early Years Single Funding Formula.

The single formula was delayed for 12 months in April 2010 following national and local concerns about the level of funding that nursery schools would receive. The LA has worked closely with the 3 nursery schools to address their concerns, the outcome of which is detailed in the report.

The proposed formula is that same as that presented 12 months ago, with a single base rate and several supplements. The supplements for nursery schools and transitional arrangements have been adjusted.

A flexibility supplement is available for all settings offering provision other than the standard 5 3-hour sessions. So far take-up in Wirral has been limited and this supplement will be reviewed over the next 12 months. Many other local authorities have not included a flexibility factor.

The single formula will be reviewed at the end of the financial year. This will conclude the work of the Steering Group.

Mr Potter queried what would happen at the end of the 3-year transitional period, and whether nursery schools would experience a sharp drop in funding. Mr Roberts confirmed that nursery schools would move to formula funding after the transitional period, and that this should not represent a sharp drop in funding by this point.

Mr Armstrong thanked the Steering Group for their work in developing the formula.

Mr Roberts recorded a correction to the report on page 23 of the papers – the figures for the 3 nursery schools included a grant which had been included twice. Accurate figures will be provided to the nursery schools.

Resolved:

(i) That for Forum note the report

(ii) That the views of the Forum on the proposed formula be referred to Cabinet on 21<sup>st</sup> February 2011.

**15. DISCRETIONARY RATE RELIEF**

This item was brought forward because it informs the next item on the Schools Budget 2011/12.

Mr Roberts explained that the Council is considering a proposal to end discretionary rate relief for schools from April 2011 – this is 12 months earlier than recorded in the report. 80% mandatory rate relief is paid by the government. The remaining 20% is discretionary relief, of which 75% is paid by the local authority and 25% comes from a government grant. Wirral's DRR costs are out of step with those of other local authorities and the Director of Finance has recommended that this should reduce.

If DRR is abandoned, the government grant would also cease, and it would cost more to cover the cost of rates. The alternative is for the Schools Budget to make a contribution to cover the council costs of DRR, therefore retaining the government grant.

Mr Armstrong advised that the Forum could vote against this but that the Director of Finance would end DRR next year and the additional costs would have to be paid. By choosing to contribute now there will be less impact on the schools budget.

Resolved:

(i) (With 4 abstentions) That the Forum agrees to a contribution to the Discretionary Rate Relief Budget with effect from 2011-12.

**9. SCHOOLS BUDGET 2011/12**

The settlement for 2011-12 is for one-year and may be a transition period to a new funding mechanism in 2012-13. It is a flat cash settlement – LAs will receive the same amount per pupil in cash terms as last year, this will apply to 2014-15. In real terms, funding will erode over time – possibly a 10% cut in real terms over the next 4 years.

Pupil Premium details have been confirmed and will be paid to schools from 1<sup>st</sup> April 2011. The Premium is for pupils eligible for Free School Meals, Looked After Children and Service Children. For Wirral, this is an estimated £5million in additional funding. There is likely to be both an increase in the amount of the Premium and a broadening of the entitlement in future years.

Mrs Cogan asked if the Pupil Premium was over and above the current budget or whether deprivation funding would decrease as the Pupil Premium increased. Mr Roberts advised that the Pupil Premium is totally separate and there are no proposals to change the formula.

The inclusion of grants within the DSG leaves a balance because equivalent grant allocations now include Early Years pupils. This additional balance can be used to fund the deprivation supplement in the early years formula.

The MFG is set at -1.5%. It is possible to set a higher MFG, but this is not recommended as there is no additional headroom money.

The Post-16 budget is expected to decrease by 5%. Funding is on an academic year, so this will have a partial effect in the 2011-12 financial year. Mrs Cogan commented that this would severely affect secondary schools with 6<sup>th</sup> forms.

Harmonisation costs are estimated at £2.6million. £2.3million has been identified so far. There are likely to be additional costs not included in the £2.6million and there are no further resources to meet these costs. Mr Armstrong reported that discussions are taking place with Finance and the trades unions regarding the cost of harmonisation and that a report would be brought to the Forum when the picture was clearer.

The amount retained centrally for ethnic minorities was queried. Mr Roberts explained that this is targeted in specific areas and that historically there has only been a requirement to delegate this to schools when the LA grant reaches a certain level.

Mr Reilly noted that the Pupil Premium would increase the gap between the highest and lowest funded schools in Wirral. Those secondaries with the lowest levels of Free School Meals would also be losing post-16 funding. There is concern in these schools over jobs. Mr Reilly felt that we should not allow the gap to widen in secondary schools where the costs of delivering an education are similar.

Mr Reilly also commented that the issue of harmonisation is taking a long time to resolve, it was discussed at the September meeting and is still being discussed today. Mr Armstrong agreed,

but pointed out that with the potential cost being so significant, discussions needed to be thorough and a lot of effort was being made by all involved.

Mrs Cogan queried the amount set aside for the CLCs when secondary heads at the WASH meeting had voted not to fund them. Mr Armstrong explained that the views of the WASH meeting had been taken into account, but that he had also listened to the views of all schools in requesting stability in budgets for the next year. Stability is needed in all areas pending review. The City Learning Centres are used by pupils in primary and secondary and a proper debate must take place about their future and the potential impact on pupils. The CLCs contain high quality equipment and if the decision is taken not to continue to fund them there must be a plan in place for what will happen to these resources.

Mrs Cogan also queried the centrally retained diploma money. Mr Roberts explained that this is spent by the 14-19 team to provide additional uplift for pupils engaging in the programme.

The Forum were asked to specifically approve items relating to harmonisation, safeguarding and sports partnership.

Resolved:

- (i) That the views of the Schools Forum are sought on the Schools Budget for 2011-12 and the level of central costs. The Chair asked for any additional comments to be forwarded to him.
- (ii) (1 against) That the DSG Reserve of £745,025 is used to meet backdated harmonisation costs in schools
- (iii) (2 against) That the Excess Balance Reserve of £136,934 is also used for this purpose
- (iv) That the contributions to combined budgets are agreed and increased for:
  - (2 against) Pay Harmonisation back pay £450,000
  - Local Children's Safeguarding Board £6,000
  - School Sports Partnerships coordination £25,000
- (v) (2 against) That budgets for schools include provision for pay harmonisation of support staff totalling £1,057,000
- (vi) That the Schools Budget and the views of the Schools Forum be referred to the budget meeting of Cabinet on 21<sup>st</sup> February 2011.

**10. COMMISSIONING PLACES IN SPECIAL SCHOOLS**

Mr Edmondson explained that there is a mismatch between the number of places in special schools and the number of pupils on roll. This was raised in the September meeting, and since then the LA has met with schools, governors and a working party.

A trigger mechanism is in place for growth and has been a feature in previous years. A similar trigger is proposed to deal with reductions in numbers. This gives increased flexibility and has support amongst schools and governors.

Mr Baird confirmed that the special school heads support these proposals and are keen for the work to be undertaken. They need more certainty in budget planning and are keen to engage.

Resolved:

- (i) That the Forum note the comments from the Special Schools in Appendix Three and recommend the extension of the trigger mechanism to accommodate a reduction in special schools place numbers from the start of the new funding cycle.
- (ii) That the Forum note that a group of Special School and Schools Forum representatives will be consulted to consider in detail the procedures around the application of this approach.

**11. WIRRAL SCHOOLS' FUNDING FORMULA**

Miss Warburton summarised the report on Wirral Schools' Funding Formula 2011-12.

The same formula will be used for 2011-12, with the same percentages allocated to each element as in 2010-11. Values such as Free School Meals which were previously fixed will be updated from latest data. This will mean in some cases that unit values will decrease – with a flat cash settlement and the same percentages allocated to each element, if the total number of free school meals increases the unit value will decrease.

Grants which have now been mainstreamed will be included in MFG baselines. Nursery class elements will be excluded from MFG baselines as the Early Years Single Formula includes a separate MFG calculation. These changes are covered by regulations.

All other MFG baseline changes will require an application to the secretary of state and must have the support of the Schools Forum. This includes changes to EIB places and changes to Special places which are detailed in the report. It also includes the exclusion of the Extended School Sustainability grant from MFG baselines, which is paid to cluster leads and distorts the per pupil amount for these schools if included.

Resolved:

- (i) That the Schools Forum note the report
- (ii) That the Schools Forum agree to the recalculation of fixed elements as outlined in the report
- (iii) That the Schools Forum agree to support an application to the Secretary of State for MFG baseline changes

**12. DEPRIVATION FUNDING REVIEW**

Deferred to next meeting

**13. SERVICE LEVEL AGREEMENT UPDATE**

Mr Dainty gave a verbal report on service level agreements. The SLAs have been sent out to all schools to agree take-up. So far, 62 primaries, 2 secondaries and 6 specials have responded. This is much lower than expected. The final response date has been delayed to give more schools the opportunity to respond. A further letter will be sent out. The SLAs are for 3 years but there is an option for schools to withdraw giving 4 months notice.

Mrs Cogan commented that secondary schools had given their responses to Mark Parkinson during his visits to the schools. Mr Parkinson explained that his visits related specifically to curriculum support and did not cover the wider SLAs.

Mr Armstrong reported that staff have been protected on the assumption that SLA take-up will be the same as in previous years. Responses are needed as soon as possible so that staffing can be planned if take-up is low.

Mr Baird queried whether the LA could also give 4 months notice to schools to terminate an SLA. Mr Armstrong said that if the LA wanted to come out of a service they would give schools a longer lead-in proportionate to the amount of time it would take a school to find an alternative service.

**14. SCHOOL REDUNDANCY COSTS**

Mr Armstrong presented a report on school redundancy costs. Primary and secondary heads have already been informed of concerns regarding the rising cost of redundancy. This is a particular problem in secondary schools as staff cannot be redeployed when rolls are falling. The costs have been particularly significant in 2010-11 with the closure of Park High and Rock Ferry High. It is challenging to meet these costs from a decreasing central budget.

Mrs Cogan agreed that costs would escalate, commenting that if the formula did not change there would be major redundancies.



Mr Reilly commented that secondary school staffing costs could increase with the delivery of the English Baccaalaureate if specialist subject teachers are needed.

The Forum felt that the recommendation to use the Schools Budget to match fund costs from April 2011 did not allow enough time for informed discussions. This date was amended to 1<sup>st</sup> September 2011 and a decision deferred until the next Forum meeting.

Resolved:

- (i) That the views of schools are sought through Headteacher groups regarding additional contributions to these costs.
- (ii) That the Forum considers a further report at their next meeting.

**16. FORUM PROCEDURES, FORUM MEMBERSHIP AND SCHEME CHANGES**

Papers circulated before the meeting contain operational guidance, a list of Forum members and a summary of the changes to the scheme for financing schools.

Mr Roberts drew particular attention to p86 of the papers, point 4.2 which no longer requires schemes to have a balance control mechanism.

A request was made that the home contact details of members should not be published.

**17. ANY OTHER BUSINESS**

None

**18. DATES OF FUTURE MEETINGS**

Tuesday 12<sup>th</sup> April 2011 was proposed for the next meeting – to be confirmed.

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## WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 12<sup>th</sup> April 2011

### REPORT OF THE INTERIM DIRECTOR OF CHILDREN'S SERVICES

#### Update on Review of Service Level Agreements with Schools

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#### **EXECUTIVE SUMMARY**

This report seeks to update Schools Forum on the review of traded services offered to schools by Wirral Council. These services were all due for renewal on the 1<sup>st</sup> April 2011, having extended the agreement period for a number of services by one year.

#### **BACKGROUND**

After an extensive period of consultation brokered by the Primary Heads Service Level Agreements Group all schools were asked to indicate which council services they wished to procure from 1<sup>st</sup> April 2011.

The services involved are:

Facilities Management  
Risk Assessment & Insurance  
Grounds Maintenance  
Wirral Community Patrol  
Metro Catering  
Metro Caretaking & Cleaning  
Cash to Bank  
Human Resources  
Financial Support  
Payroll & Human Resources Administration  
School Library Service  
Information Technology:

- Software Support
- Computer Support
- Computerised Administration Replacement System (CARS)
- Data Network Service
- Multi Media Support Service

The agreement is for three years but may be terminated by either party with four months notice (with the exception of Risk Assessment and Insurance). It has been agreed that the notice period will be defined as 'one term' and there will be a process of notification in place with fixed dates.

#### **CURRENT POSITION**

All schools have identified the services they wish to procure from 1<sup>st</sup> April 2011.

Take up is generally at the same level with the exception of Grounds Maintenance ( see below), Metro Catering - where there are now 18 Primary schools either providing the

service in-house or outsourcing- and Information Technology. There are a number of SLAs under the heading of IT services with a fairly complex menu of options and charges. However it would seem that the requirement for multi media support and data network has significantly reduced.

Grounds Maintenance will no longer provide an in-house service from 1<sup>st</sup> January 2012 so from that date schools will seek to procure a service either from the successful provider to the Authority (if they wish to offer a service) or from other providers in the local private sector. Schools may wish to consider clustering to procure this service if it offers an economic advantage. The Authority will support schools with an outline guidance document that has particular regard for all aspects of Health & Safety to be considered when specifying the service.

The organisational structure and service delivery for the newly formed Corporate Human Resources & Organisational Development Service has yet to be defined although it is planned that the framework will be in place by October 2011. Consideration will be given to the model for delivery of the schools Service Level Agreement and the Strategic Service Manager for Workforce Management, CYPD, will consult with schools on any proposals.

Hochtief, the Facilities Management provider to PFI schools has not renewed its contract with Wirral Community Patrol but has awarded a contract to a local provider. With the exception of two schools night time random patrols will cease and a decision is still to be made on whether or not day time responses to adhoc incidents will be included in the specification.

## **RECOMMENDATIONS**

1. That Schools Forum note this report.

**David Armstrong**  
**Interim Director of Children's Services**

## Job Evaluation and Harmonisation of School Support Staff

Minute from Cabinet Report and Cabinet Report

### MINUTE

#### 363 **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR – JOB EVALUATION AND HARMONISATION FOR SCHOOLS SUPPORT STAFF**

The Chair informed that he had agreed that this item of urgent business be considered because it could not await the next Cabinet meeting.

The Interim Director of Children's Services presented an update on the proposals for the implementation of Job Evaluation and Harmonisation in all Wirral schools and he sought approval to release money from the General Fund Local Pay Reserve to the Schools Budget in the form of a loan to help meet the costs associated with implementation. He commented that, whilst the costs were significant, the implementation of Job Evaluation and Harmonisation in schools would mitigate the potential threat of equal pay claims being brought against the Council by school based employees and would implement a fair and transparent pay and grading structure in line with that introduced across the Authority in August 2008.

Consultation with Schools and trade unions had been on-going during the development of the proposals and he reported that members of the Schools Forum broadly supported the proposal of a loan to meet the costs of back pay.

#### **Resolved –**

- (1) That the contribution towards the costs of implementing Job Evaluation and Harmonisation within all schools of £1m from the Local Pay Reserve as agreed by Cabinet on 21 February 2011 in setting the Council Budget for 2011/2012, be noted.**
- (2) That a loan to the Schools Budget via the Schools Forum of £2m from the Local Pay Reserve, with this to be repaid before 31 March 2015, be approved.**

# **CABINET REPORT**

**17 MARCH 2011**

**SUBJECT:                   JOB EVALUATION AND HARMONISATION FOR  
SCHOOLS SUPPORT STAFF**

**WARD/S AFFECTED:    ALL**

**REPORT OF:             INTERIM DIRECTOR OF CHILDRENS AND YOUNG  
PEOPLES DEPARTMENT**

**RESPONSIBLE PORTFOLIO**

**HOLDER:                CLLR SHEILA CLARKE OBE**

**KEY DECISION           NO**

## **1.0 EXECUTIVE SUMMARY**

1.1 The purpose of this report is to update Cabinet on the proposals for the implementation of Job Evaluation and Harmonisation in all Wirral schools. Approval is sought to release money from the General Fund Local Pay Reserve to the Schools Budget in the form of a loan to help meet the costs associated with implementation.

## **2.0 RECOMMENDATION/S**

- 2.1 To note the contribution towards the costs of implementing Job Evaluation and Harmonisation within all schools of £1 million from the Local Pay Reserve as agreed by Cabinet on 21 February 2011 in setting the Council Budget for 2011/12.
- 2.2 To approve a loan to the Schools Budget via the Schools Forum of £2 million from the Local Pay Reserve with this to be repaid before 31 March 2015.

## **3.0 REASON/S FOR RECOMMENDATION/S**

3.1 The implementation of Job Evaluation and Harmonisation in schools would mitigate the potential threat of equal pay claims being brought against the Council by both school based and non-schools employees.

## **4.0 BACKGROUND AND KEY ISSUES**

4.1 There have been 4 stages of implementing Job evaluation and harmonisation across the Authority.

Stage 1 – Employees up to SCP 34

This stage was implemented in August 2008

Stage 2 – Schools based employees (Excluding teachers)

The progress is outlined in this report

Stage 3 – Above SCP34 up to Head of Service

Work is underway with the Hay Group, the Councils implementation partner and provider of the Hay Job Evaluation scheme

Stage 4 - Heads of Service and above

Timescales have yet to be agreed.

4.2 Harmonisation for all non-schools employees was implemented alongside Stage 1 of Job Evaluation in August 2008.

4.3 Between September 2009 and April 2010 a local framework for the implementation of Job Evaluation (effective from April 2007) and Harmonisation (effective from August 2008) was proposed. The proposal was a result of consultation with both Schools and the Trade Unions.

The proposals covered 2 groups of employees:

1. Teaching Assistants and
2. Other support staff eg, cleaners and mid-day assistants.

It was widely anticipated that as part of the national School Support Staff Negotiating Body (SSSNB) review, Teaching Assistants would be aligned with Teachers pay and grading structures. Therefore whilst the proposal did include the implementation of Harmonisation for all school support staff it did not include Job Evaluation assimilation for Teaching Assistants.

4.4 A detailed costing analysis of the proposals was completed by June 2010 and presented to the Schools Forum in September 2010 in order to gain approval to release reserves put aside by schools for the implementation.

<b>Interim proposal</b>	<b>Schools Forum Funding</b>	<b>Other funding</b>	<b>Total</b>
<b>Back pay</b>	£2.5m	£0.1m	£2.6m
<b>Ongoing costs</b>	£1.1m	N/A	£1.1m

4.5 The Schools Forum have agreed to release the reserves of £2.5 million for the implementation and payment of back pay. There is £1.1 million in the budgets delegated to schools for ongoing costs from April 2011. In October 2010, briefings were held with Headteachers outlining the detailed costs, implications and plans to implement the proposal by December 2010. The trade unions accepted the proposals subject to a ballot of school support staff.

4.6 In November 2010 the national SSSNB was set aside and the requirement to implement a full and final agreement rather than an interim arrangement became paramount. It therefore became necessary to implement Job Evaluation for all school based employees including Teaching Assistants. During December 2010 further cost analysis was completed and options for implementation considered on the basis of cost, balanced against the financial risk in terms of potential equal pay liability. With the inclusion of Job Evaluation for Teaching Assistants, implementation costs significantly increased. Although the proposal includes arrangements to move Teaching Assistants from year round contracts to 39 week term time only contracts, the additional cost of back pay is £2.9 million and the additional on-going cost is £0.7 million per year. Costs of the proposed option for the implementation of a full and final agreement are as follows:

<b>Final proposal</b>	<b>Schools Forum Funding</b>	<b>Other funding</b>	<b>Total</b>
<b>Back pay</b>	£2.5m	£3m from Local Pay Reserve £2m to be repaid by 31 March 2015	£5.5m
<b>Ongoing costs</b>	£1.8m	N/A	£1.8m

The overall ongoing cost is £1.8 million of which £1.1 million has been

included within schools delegated budgets. The remaining costs will need to be met by schools.

## **5.0 RELEVANT RISKS**

5.1 Whilst the costs of this implementation are significant, the purpose of the proposal is to mitigate the risk of equal pay claims and implement a fair and transparent pay and grading structure in line with that already introduced across the rest of the Authority in August 2008.

## **6.0 OTHER OPTIONS CONSIDERED**

6.1 None.

## **7.0 CONSULTATION**

7.1 Consultation with Schools and Trade Unions has been on-going during the development of the proposals. Members of the Schools Forum broadly support the proposal of a loan to meet the costs of back pay.

## **8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

8.1 None.

## **9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

9.1 The cost of implementing Job Evaluation and Harmonisation in all Wirral schools are set out in section 4. The final proposal involves back pay costs of £5.5 million which will be met by the Schools Budget (£4.5 million) and the Local Pay Reserve (£1 million). To reduce the immediate pressure upon the Schools Budget the Local Pay Reserve will provide a loan of £2 million which is repayable by 31 March 2015. The overall ongoing cost is £1.8 million per year of which £1.1 million has been included within Schools delegated budgets and the remaining costs will need to be met by schools.

## **10.0 LEGAL IMPLICATIONS**

10.1 None

## **11.0 EQUALITIES IMPLICATIONS**

11.1 None.

11.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

(b) If 'yes', has one been completed? No

## **12.0 CARBON REDUCTION IMPLICATIONS**

12.1 None.

## **13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

13.1 None.

### **REPORT AUTHOR:**

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## WIRRAL SCHOOLS FORUM

12<sup>TH</sup> APRIL 2011

### REPORT OF THE INTERIM DIRECTOR OF CHILDREN'S SERVICES

#### SCHOOLS BUDGET 2011-12 UPDATE

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#### 1.0 EXECUTIVE SUMMARY

This report provides an update on the Schools Budget since the last meeting of the Forum in January. The January report and Formula changes were approved by Cabinet in 21<sup>st</sup> February.

This report is for noting.

#### 2.0 Dedicated Schools Grant

Following the completion of the Schools and Early Years Census the expected position on DSG for 2011-12 is clearer (although as in previous years this will not be finalised until late June.)

The revised estimate, a net reduction of £143,500 is shown below:

	Guaranteed Unit of Funding (GUF)	GUF	GUF	Estimated Pupil	DSG
	2010-11	Grants	Total	Numbers	2011-12
	£	£	£	£	£
Original estimate	4268.56	759.83	5,028.39	45,621.7	229,403,700
Revised estimate	4268.56	754.45	5,023.01	45,642	229,260,200

There are a number of factors that have brought about this change. As a result the reduction in grant should be dealt with in specific ways:

1. Although still to be confirmed the Guaranteed Unit of Funding for Wirral may be reduced, as shown above, to exclude 2010-11 Academy Recoupment. This will reduce grant received by £245,500. An amount of £244,700 was included in the Schools Specific Contingency Budget for this purpose and will now be removed.
2. Early Years numbers have increased from initial estimates. There are an additional 61 fte. This is likely to increase demands on the Early Years Single Funding Formula. The budget has been increased by £240,000 to reflect expected cost pressures
3. The Census numbers for Secondary and Special have reduced by 81, partly from changes in Dual Registration. The ISB (delegated schools budget) has been reduced by £283,500 to reflect this.

4. Part of the reduction in DSG has been applied to centrally held budgets. The provision for Advanced Skills Teachers has been reduced by £42,100. The adjusted budget total of £317,100 is sufficient to meet the same level of demand as 2010-11.
5. After the above adjustments have been made there is a balance of £186,800. The School Finance Regulations elsewhere on this agenda suggests that the purchase of Carbon Allowances relating to schools and academies (part of the Local Authority's Carbon Reduction Commitment calculation) may be held centrally. The amount of £186,800 will cover most of the anticipated costs. This will benefit all schools, by removing the need to budget for costs varying from £1,000 to £2,800 for primary and special schools and £3,000 to £9,200 for secondary schools.

#### **Summary of changes**

Academy recoupment (Contingency)	£244,700 cr
Early Years (ISB)	£240,000
Schools (ISB)	£283,500 cr
Advanced Skills Teachers (Central budget)	£42,100 cr
Carbon Reduction (Central budget)	£186,800
<b>Total</b>	<b>£143,500 cr</b>

### **3.0 6<sup>th</sup> Form Allocations**

The 6<sup>th</sup> Form Allocations for 2011-12 were issued by the Young Person's Learning Agency on 30<sup>th</sup> March. The initial budget for this area was based on a part year reduction in learner funding and the staged removal of Teachers Pay Grant. This reduced the budget by £555,400 from £20,782,000 to £20,226,600.

The final position is better than anticipated (£20,536,200). Although the reductions above have been implemented, schools have received additional Learner Support and Disadvantage funding.

Within the current formula for School 6<sup>th</sup> Forms there is an amount of Transitional Protection totalling £2.5m (about 12.5% of the total grant for school 6<sup>th</sup> forms). Therefore funding in future years will continue to reduce.

### **4.0 16 – 19 SEN Costs**

These costs are supported by a grant from the YPLA. At the time the budget was set it was assumed that the grant would reduce by 15% from £1,483,000 to £1,262,500. The actual grant has been confirmed as £1,434,900 (an additional £171,900.) This funding could be used to increase the central SEN unit value in 2011-12.

## **5.0 Academy Recoupment 2011-12**

The amount of recoupment (a top-slice of DSG by the DfE) in respect of academies has still to be finalised. It will subsequently change throughout the year each time a school becomes an academy.

Recoupment will be made in respect of the budget share for each academy and also for a share of central costs. At this time the only definite amount to be recovered will be in respect of the University Academy (there is no recoupment for Birkenhead High School.)

Recoupment estimates are as follows:

School Budget £6,872,864

Central Costs £47,400.

Special Staff Costs, Behaviour Support, and Licences will be reduced pro-rata.

## **6.0 Redundancy Costs**

This item is reported on the agenda separately and requires the school closure budget to be re-designated for school termination of employment costs (£326,000)

## **7.0 Recommendation**

That the report and budget changes are noted.

David Armstrong  
Interim Director of Children's Services

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## Excess Balance Mechanism – see 4.2

### DfE – Issued December 2010 Scheme for Financing Schools

#### SUMMARY OF SCHEME CHANGES 2011/12

This note outlines and explains the changes to the DfE guidance on local authority schemes for financing schools, effective from 1 April 2011. Updated detailed guidance is now available on the DfE website at:

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsvenuefunding/financeregulations/a0070286/local-authority-schemes-for-financing-schools>

Changes from the previous version, published in October 2006, are underlined within the detailed guidance. In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of their schools forum.

The changes are set out below. References are to the section number in the previous guidance.

New List of matters which must be contained within schemes, as set out in the draft School Finance Regulations 2011.

- 1.3 Confirmation that the scheme, and any amendments to it, must be published on a website accessible to the general public. The date on which any amendments take effect must also be published. Annex A is also amended.
- 1.4 Approval of schemes – removal of reference to the Secretary of State and inclusion of schools forum role.
- 2.4 Removal of the requirement for schools to submit a statement of Best Value with their budget plan. The government believes that it is important for schools to achieve value for money, but that this can be demonstrated in other ways than a written statement
- 2.11 Removal of exceptions to requirement that schools must be allowed to opt out of LA contracts. The government believes that schools are best placed to make their own purchasing decisions and should not be constrained in their ability to do so.
- 2.13 Clarification and updating definition of eligible expenditure for the “purposes of the school” to include pupils at other maintained schools and community facilities.
- 2.15 Removal of the section relating to the Financial Management Standard in Schools (FMSiS). The Secretary of State announced on 15 November 2010 that the Financial Management Standard for Schools (FMSiS) would no longer be a requirement, and would be replaced by a new simpler standard during 2011. A directed revision to schemes requiring schools to meet FMSiS was introduced in

2007. Local authorities should no longer enforce this requirement. The Department will consult in the proposed replacement early in 2011.

3.5.1 Removing the requirement for there to be at least ten banks on the approved list for school bank accounts and replacing this with a requirement to be consistent with the LA's Treasury Management policy, given the turbulence in the banking system in the last couple of years.

3.6 Encouragement of the use of procurement cards as these reduce transaction costs and can enable schools to benefit from significant discounts.

**4.2 It will no longer be a requirement for schemes to have a balance control mechanism. The revised paragraph reads:**

***“The scheme may contain a mechanism to clawback excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.”***

**LAs should, therefore, consider removing or relaxing their existing mechanism with effect from 1st April 2011.**

4.8 Amendment to balances of closing schools to reflect the provisions of the Academies Act 2010.

4.9 Removal of reference to School Standards Grant in relation to licensed deficits

4.11/ Removal of references to ex GM schools.

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6.2 Enabling LAs to charge schools whose withdrawal from a cluster arrangement into which they entered voluntarily results in additional costs to the other schools in the cluster or to the LA; this is to remove disincentives to the employment of shared staff in clusters and partnerships. At present schools can agree to share the cost of a member of staff for, say, three years but one school can then withdraw without notice putting extra costs on the school actually employing the member of staff.

6.2.8 Inclusion of the Environment Agency in the list of regulatory bodies, to reflect their role in the Carbon Reduction Commitment scheme. This would enable LAs to pass through to schools any costs arising from non-compliance with the scheme.

11.6 Strengthened wording on Chief Finance Officer's right to attend relevant governing body meetings – schemes “should” not “may” permit this right.

11.13 Deletion of paragraph on school meals – not relevant to a financial scheme.

11. Inclusion of guidance in new Annex relating to how costs of redundancies and early retirements should be funded; this information is frequently requested and will be increasingly relevant in a tighter financial settlement. The 2002 Education Act states that the cost of redundancies should normally fall to the local authority while the cost of premature retirements should normally fall to the school's delegated budget. There can, however, be locally determined

exceptions to these, and it is also the case that costs can be charged to the central part of the schools budget if there are resultant savings to the schools budget and the schools forum agree. It is important that any exceptions to the norm are clearly defined by LAs and discussed with schools forums.

13. Removal of Annex B outlining the recommended respective responsibilities of schools and LAs in relation to maintenance, which was useful when these budgets were first delegated but is less relevant now.
14. Amendment of the section on community facilities to reflect the change in the law enabling schools to spend their delegated budget for this purpose. This takes effect from April 2011.

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## CONSULTATION ON THE SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

Name of respondent (in full)

Contact details (email / phone)

Name of establishment (LA/school/other?)

The questions below indicate the range of issues we are particularly interested in receiving your views on. You do not have to respond to every question and are welcome to submit a general response if you prefer.

1. Do you consider the new standard - Schools Financial Value Standard - to be an improvement on FMSiS?

### Content

2. Does the new standard – Schools Financial Value Standard - cover the right range of topics for effective financial management and securing value for money in schools?
3. Please provide any specific comments on the range and content of the topics and questions.

### Process

4. Do you think it is reasonable to expect schools to review the standard on an annual basis? If not, what would be appropriate?
5. Do you think the right individuals in the school are required to be involved in the standard (governing body with head and senior staff)?
6. How will local authorities use the information the standard provides to inform their programme of financial assessment and audit? How far will it support their programme?

### Support

7. How useful is the sample draft advice that we have provided and what can we do to make it more useful?
8. What problems do you think schools might have in meeting the new standard and what support would be helpful?
9. What problems do you think local authorities might have in using the new standard as part of their financial assessment and audit programme and reporting back to the Department?
10. How well equipped are governing bodies to confidently assess their schools' financial management and efficiency? What more can we do to help governing bodies support and challenge schools on this?

Please provide any further comments on any aspect of the new standard and assurance arrangements.

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## SCHOOLS FINANCIAL VALUE STANDARD (SFVS)

Schools manage many billions of pounds in public money, and it is very important that this management is done well, in order both to safeguard public funds, and to get the best value from them. Formal responsibility within schools lies with governing bodies, and this standard is in the first place aimed at governors. It takes the form of a series of questions which school governing bodies should formally discuss with their head teacher and other senior staff. We recommend that this is done annually. The first run through should be before September 2012; and in the case of schools which had not attained the Financial Management Standard in Schools (FMSiS) must be before the end of March 2012.

There is no prescription of the level of evidence or assurance that the governing body should require: the important thing is that they should be in a position to feel confident about their answers. The DfE website includes advice and tools for governing bodies in relation to each question, which they can use if they wish to. The advice and tools provide clarification of what the question implies, examples of good practice, and access to materials which will assist action on that issue where it is necessary.

The governing body may wish to delegate the consideration of the questions to a Finance Committee or similar; but the chair of governors must sign the completed form. There should be at least a minuted report to the full governing body.

Each question requires an answer of Yes, In Part, or No. Where the answer is In Part or No, the column for comments, evidence and proposed actions should be used to enter a very brief summary of the position and proposed remedial action. Where the answer is Yes, the column should be used to indicate the main evidence on which the governing body based its conclusions. At the foot of the list of questions is a section which requires a summary of remedial actions and the timetable for reporting back.

The standard will not be formally assessed like FMSiS. However, a copy of each signed record must be sent to the local authority's finance department, where it will be used to inform the programme of financial assessment and audit. Local authority and other auditors will have access to it, and when they conduct an audit will be able to check whether the self-assessment is in line with their own judgement. They should make the governing body and the local authority aware of any discrepancies in judgement.

The questions which form the standard are divided into five sections.

<b>LIST OF QUESTIONS</b> <b>A: The Governing Body</b>	<b>ANSWER</b> <b>(Yes/In Part/No)</b>	<b>COMMENTS, EVIDENCE AND PROPOSED ACTIONS</b>
<p>1. In the view of the Governing Body itself and of senior staff, does the Governing Body have adequate financial competence among its members to fulfil its role of challenge and support in the field of budget management?</p> <p>2. Does the Governing Body have a Finance Committee (or equivalent) with clear terms of reference and a knowledgeable and experienced chair?</p> <p>3. Is there a clear definition of the relative responsibilities of the Governing Body and of the school staff in the financial field?</p> <p>4. Does the Governing Body receive adequate monitoring reports of the school's budget position on at least a termly basis?</p> <p>5. Are business interests of Governing Body members (and senior staff) properly registered and taken into account so as to avoid conflicts of interest?</p>		
<p><b>B: The School Staff</b></p> <p>6. Does the staff include people who between them supply the school with an adequate level of financial competence?</p> <p>7. Does the school have adequate arrangements to cope with the absence of specialist finance staff, eg on sick leave?</p> <p>8. Does the school have policies and mechanisms for deploying the staff of the school to best effect in view of their talents and competencies and the needs of the</p>		

<p>school?</p> <p>9. Does the school review its staffing structure regularly?</p> <p><b>C: Setting the Budget</b></p> <p>10. Is there a clear and demonstrable link between the school's budgeting and its plan for raising standards and attainment?</p> <p>11. Does the school make a forward projection of budget, including both revenue and capital funds, for at least three years, using the best available information?</p> <p>12. Does the school set a well-informed and balanced budget each year (with an agreed and timed plan for eliminating any deficit)?</p> <p>13. Is end year outturn in line with budget projections, or if not, is the Governing Body alerted to significant variations in a timely manner, and do they result from genuinely unforeseeable circumstances?</p> <p><b>D: Value for Money</b></p> <p>14. Does the school regularly benchmark its expenditure against that of similar schools and investigate further where any category of spend appears to be high?</p> <p>15. Does the school have procedures for purchasing goods and services that both meet legal requirements and secure value for money?</p> <p>16. Are balances at a reasonable level and does the school have a clear plan for using the money it plans to hold in balances at the end of each year?</p>		
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<p>17. Does the school maintain its premises and other assets to an adequate standard to avoid future urgent need for replacement?</p> <p>18. Does the school consider collaboration with others, eg on sharing staff or joint purchasing, where that would improve value for money?</p> <p>19. Can the school give examples of where it has improved the use of resources during the past year?</p> <p><b>E: Protecting Public Money</b></p> <p>20. Is the Governing Body sure that there are no outstanding matters from audit reports or from previous consideration of weaknesses by the Governing Body?</p> <p>21. Are there adequate arrangements in place to guard against fraud by staff, contractors and suppliers (please note any instance of fraud detected in the last 12 months)?</p> <p>22. Are all staff aware of the school's whistleblowing policy and to whom they should report concerns?</p> <p>23. Does the school have an accounting system that is adequate and properly run and delivers accurate reports, including the annual Consistent Financial Reporting return?</p> <p>24. Does the school have adequate arrangements for audit of voluntary funds?</p> <p>25. Does the school have an appropriate business continuity or disaster recovery plan, including an up-to-date asset register and adequate insurance?</p>		
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**OUTCOME OF SELF-ASSESSMENT**

**F: Summary of agreed remedial action and timetable for reporting back:**

**[signed]**

**Date:**

**DRAFT**  
**Chair of Governors**

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# SAMPLE GUIDANCE NOTES

## FINANCIAL COMPETENCIES FOR THE GOVERNING BODY WHISTLEBLOWING POLICY & SCHOOLS' FINANCIAL BENCHMARKING GUIDANCE

MARCH 2011

Department for  
**Education**

Department for Education  
Email: [financial.management@education.gsi.gov.uk](mailto:financial.management@education.gsi.gov.uk)  
Helpline: 020 7340 7775

**Question 1. In the view of the Governing Body itself and of senior staff, does the Governing Body have adequate financial competence among its members to fulfil its role of challenge and support in the field of budget management?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<p><b>The main financial competencies needed by the governing body.</b>  <i>The Governing Body is able to:</i></p> <ol style="list-style-type: none"> <li>1. <i>provide strategic leadership including:</i> <ul style="list-style-type: none"> <li>• <i>linking the development of strategic plans with available resources;</i></li> <li>• <i>identifying viable options and selecting or recommending those most likely to achieve the school's goals and objectives; and</i></li> <li>• <i>understanding the best financial management practice and moving the school towards it.</i></li> </ul> </li> <li>2. <i>ensure accountability which includes:</i> <ul style="list-style-type: none"> <li>• <i>understanding the statutory and local authority financial requirements applying to the school;</i></li> <li>• <i>undertaking appropriate budget setting and budget monitoring activities; and</i></li> <li>• <i>communicating the school's financial performance to parents and the public.</i></li> </ul> </li> <li>3. <i>act as a critical friend which includes:</i> <ul style="list-style-type: none"> <li>• <i>using analytical skills to challenge constructively</i></li> <li>• <i>asking probing questions of the school management.</i></li> </ul> </li> </ol>
<b>2</b>	<p><b>Why it is important for the Governing Body to have adequate financial competencies.</b>  <i>It is essential for the Governing Body to have access to adequate financial competencies to ensure they meet their statutory responsibilities for the financial management of the school and can safeguard the large amounts of public money for which they are responsible. Not ALL governors need all these skills, but collectively members of the Governing Body (&amp; Finance Committee or equivalent) should have these competencies among them.</i></p>
<b>3</b>	<p><b>Why it is important for the Governing Body to challenge and support the Head Teacher.</b>  <i>The governing body has a statutory responsibility to support and challenge the head teacher (see point 4). Members of the governing body do this to ensure that:</i></p> <ul style="list-style-type: none"> <li>• <i>resources are deployed appropriately in line with the school's priorities;</i></li> <li>• <i>planned levels of financial performance are achieved;</i></li> <li>• <i>the school avoids incurring financial loss and waste; and</i></li> <li>• <i>the school receives favourable audit assessments.</i></li> </ul>
<b>4</b>	<p><b>What the key financial roles of the governing body and its committees are.</b>  <i>The governing body is given its powers and duties as an incorporated body. The statutory responsibilities of the governing body are</i></p>

	<p>detailed in section 21 of the Education Act 2002.  <i>Their key financial roles are:</i></p> <ul style="list-style-type: none"> <li>• <i>manage the school budget;</i></li> <li>• <i>decide on how to spend the delegated school budget, depending on any conditions set out in the LA Scheme;</i></li> <li>• <i>be consulted by their LA on funding;</i></li> <li>• <i>ensure accurate school accounts are kept;</i></li> <li>• <i>determine the number and type of staff and a pay policy in accordance with the School Teachers Pay and Conditions; and</i></li> <li>• <i>act as a 'critical friend' to the Head Teacher by providing advice, challenge and support.</i></li> </ul>
<b>B</b>	<b>Good Practice</b>
<b>5</b>	<p><b>The school should identify whether the governing body has the right skills.</b>  <i>Schools should analyse their governing body's skills to identify any skills gaps. The governing body's skills should be reviewed whenever appropriate, for example if there are significant changes to the membership or to individual governors' roles and responsibilities. A good way for a school to assess their governing body's current skills is to use a matrix that summarises the main financial management competencies that the governing body should have. The matrix will help governors identify the skills they have and those that collectively they need to acquire.</i></p> <p><i>See section 8 for further information on how to access an example financial skills matrix. The matrix covers a set of key financial areas, and asks governors to assess whether the key areas are embedded, improving or not in place in their school. Once the school has assessed the areas, they can put in place key actions to help progress the governance in these areas.</i></p>
<b>6</b>	<p><b>The governing body should not only have but should be seen to have adequate financial competencies.</b>  <i>Governors have a collective responsibility for important financial decisions in the school and are answerable to parents and the wider community. Therefore, they should be seen to have adequate financial competencies, and might wish to explain how they meet this requirement on their website and in reports to parents.</i>  <i>A well run school must be willing and able to show how it has used its resources and be able to respond honestly to questions about its financial probity. Openness, transparency and integrity are key principles of good governance and financial management.</i></p>
<b>C</b>	<b>What do you do if things are not right in your school?</b>
<b>7</b>	<p><b>What to do if your school's governing body doesn't have adequate financial competencies.</b>  <i>If your governing body doesn't have adequate financial competencies, you should identify which specific competencies are lacking. You should think about:</i></p> <ul style="list-style-type: none"> <li>• <i>what the governing body's collective training needs are;</i></li> <li>• <i>whether individual governors have the right skills for their particular role;</i></li> <li>• <i>who the best person is to fill each skills gap;</i></li> </ul>

- the best way for a governor to acquire a specific competency; and
- how additional skills can be acquired through recruitment.

*This can then be developed into an action plan to address the current skills gaps. (See point 8 below for further information on this matter)*

## **8 Further information**

*Your local authority should be able to provide further information and support. In addition, these websites provide help and advice:*

**1. Department for Education** ([www.education.gov.uk](http://www.education.gov.uk)) – you can find information on finding, appointing, training and managing school governors at: <http://www.education.gov.uk/schools/leadership/governance>  
<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/b0069984/vfm/governance> - here you can find financial and efficiency information relating to the governing body including a governing body health check tool and an example skills matrix.

**2. National Governors Association (NGA)** – [www.nga.org.uk](http://www.nga.org.uk) This website provides guidance on everything relating to governors including online finance training.  
 NGA Headquarters, Ground Floor, 36 Great Charles Street, Birmingham, B3 3JY  
 Tel: 0121 237 3780

**3. School Governors One- Stop Shop (SGOSS)** [www.sgoss.org.uk](http://www.sgoss.org.uk). This website provides information on recruiting volunteers to serve on school governing bodies.

Any school having difficulty recruiting governors with financial expertise can seek assistance from SGOSS. You can find further information about this via this weblink: [www.sgoss.org.uk/schools/](http://www.sgoss.org.uk/schools/)  
 School Governors One-Stop Shop, Unit 11, Shepperton House, 83-93 Shepperton Road, N1 3DF  
 email : [info@sgoss.org.uk](mailto:info@sgoss.org.uk) & tel: 020 7354 9805

**4. Direct Gov** [www.direct.gov.uk](http://www.direct.gov.uk) – provides a brief outline of governors' responsibilities and information on how to become a school governor: [www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Gettinginvolvedwithschoolsandyourchildseducation/DG\\_10038366](http://www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/Gettinginvolvedwithschoolsandyourchildseducation/DG_10038366)

**Question 22. Are all staff aware of the school’s whistleblowing policy and to whom they should report concerns?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<b>What whistle blowing is.</b> <i>Whistle blowing means the confidential raising of problems or concerns within an organisation (school) or within an “independent review structure” associated with that organisation (in this case your LA). It provides protection for individuals who disclose malpractice and wrongdoing.</i>
<b>2</b>	<b>Why it is important to schools.</b> <i>It allows individuals to bring to notice such matters as malpractice, wrong-doing and victimisation. As this process is confidential, individuals are more likely to do it.</i>
<b>3</b>	<b>What issues are covered by whistle blowing.</b> <i>Malpractice and wrongdoing will include the following, but the precise coverage and terms used can vary:</i> <ul style="list-style-type: none"> <li>▪ <i>Any unlawful act, whether criminal or a breach of civil law;</i></li> <li>▪ <i>Maladministration, as defined by the Local Government Ombudsman;</i></li> <li>▪ <i>Breach of any statutory Code of Practice;</i></li> <li>▪ <i>Breach of, or failure to implement or comply with Financial Regulations or Standing Orders;</i></li> <li>▪ <i>Any failure to comply with appropriate professional standards;</i></li> <li>▪ <i>Fraud, corruption or dishonesty;</i></li> <li>▪ <i>Actions which are likely to cause physical danger to any person, or to give rise to a risk of significant damage to property;</i></li> <li>▪ <i>Loss of income to the school;</i></li> <li>▪ <i>Abuse of power, or the use of the school’s powers and authority for any unauthorised or ulterior purpose;</i></li> <li>▪ <i>Discrimination in employment or the provision of education; and</i></li> <li>▪ <i>Any other matter that staff consider they cannot raise by any other procedure.</i></li> </ul>
<b>B</b>	<b>Good Practice</b>
<b>4</b>	<i>The school must have a whistle blowing policy in place.</i> <i>All schools should have a whistle blowing policy in place and governing body minutes should record that they do. This policy should be based on the LA policy (which applies to all schools within their remit) and should be tailored as appropriate for your school.</i>
<b>5</b>	<i>The school staff must have someone trustworthy to report their concerns to.</i> <i>The governing body should agree one or more members of the school’s staff whom staff can report concerns to; but also make known to staff one or more people at the LA their staff can report concerns to if they feel a need to go outside the school. All school staff should be made aware of this information.</i>

<b>C</b>	<b>What do you do if things are not right in your school?</b>
<b>6</b>	<p>Making or improving your whistle blowing policy</p> <p><i>If your school does not have a current whistle blowing policy, the LA will have one which applies to all schools within their remit. You could contact them for a copy of this and/or further advice. You should think how this policy could be tailored so that it fits the specific circumstances of your school and ensure that you have appointed named member(s) of staff whom other staff can report concerns to.</i></p>
<b>7</b>	<p>Making staff aware of the school's whistle blowing policy</p> <p><i>If staff are not currently aware of the whistle blowing policy, they should be informed about it and it should be made available for all to see. In particular, they should be made aware of:</i></p> <ul style="list-style-type: none"> <li>▪ <i>That the protection is available to all members of staff (including e.g. temporary staff and contractors);</i></li> <li>▪ <i>The areas of malpractice and wrongdoing that are covered; and</i></li> <li>▪ <i>The routes available within the school and your LA for raising issues.</i></li> </ul>
<b>8</b>	<p><b>Further information</b></p> <p><i>Further information should initially be sought from the staff appointed by your LA to deal with whistle blowing. This will almost certainly be on a confidential basis.</i></p> <p><b><u><a href="http://www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace">www.direct.gov.uk/en/Employment/ResolvingWorkplaceDisputes/Whistleblowingintheworkplace</a></u></b></p> <p><i>The <b>Directgov</b> website provides useful information on whistle blowing policy in public sectors:</i></p> <p><b><u><a href="http://www.pcaw.co.uk">www.pcaw.co.uk</a></u></b></p> <p>The charity <b>Public Concern at Work</b> provides support for organisations on whistle blowing and confidential independent advice to workers who have concerns about some wrongdoing in the workplace.</p> <p><b>To contact Public Concern at Work</b></p> <p>Write to: Suite 301 16 Baldwins Gardens London EC1N 7RJ Telephone: 020 7404 6609 Email: <a href="mailto:services@pcaw.co.uk">services@pcaw.co.uk</a></p>

**Q14. Does the school regularly benchmark its expenditure against that of similar schools and investigate further where any category of spend appears to be high?**

<b>A</b>	<b>What the question means</b>
<b>1</b>	<p><b>What is benchmarking and why it is important</b>  <i>Benchmarking is a process for comparing expenditure in detail with that of similar schools to consider whether and how your school can use resources better. The purpose of benchmarking is to improve the use of resources by identifying where changes can be made. Ideally, this process should be undertaken annually, but benchmarking can also be carried out at any time when reviewing school contracts for procuring goods and services.</i></p>
<b>2</b>	<p><b>The information schools use to benchmark their expenditure</b>  <i>All maintained schools submit their expenditure data using the Consistent Financial Reporting (CFR) framework which schools use to code their income and expenditure. This standardised set of codes enables schools to compare their expenditure with that of similar schools. Schools can produce simple charts and reports for governors to show how their money is spent in comparison to other schools.</i></p> <p><i>Within the benchmarking website, there are 3 ways of selecting comparator schools against which to benchmark:</i></p> <ul style="list-style-type: none"> <li>- <b>Statistical neighbours</b> allows schools to select a number of the most similar schools based on criteria they select;:</li> <li>- <b>Manual selection</b> allows schools to select other schools based on a range of values for each of the chosen criteria; and</li> <li>- <b>Specific schools</b> allows schools to select specific schools by name and local authority within the same school phase</li> </ul> <p><i>Some local authorities provide their own benchmarking data as an alternative to the national website.</i></p>
<b>3</b>	<p><b>Why schools need to benchmark against similar schools</b>  <i>So that meaningful comparisons can be made when comparing expenditure. If a school compares itself to all schools or a random group then the differences in spending are likely to reflect the schools' different circumstances, such as proportions of deprived pupils, rather than help the school identify ways to secure better value for money in its spending.</i></p>
<b>B</b>	<b>Good practice</b>
<b>4</b>	<p><b>All schools should ensure they are benchmarking effectively</b>  <i>Schools should use benchmarking as a contributing factor to:</i></p> <ul style="list-style-type: none"> <li>• <i>Planning and managing their budget;</i></li> <li>• <i>Identifying areas for improved use of resource;</i></li> <li>• <i>Setting targets for improved use of resource;</i></li> <li>• <i>Achieving best value in expenditure,</i></li> <li>• <i>Improving the effectiveness of expenditure to improve performance; and</i></li> </ul>

	<ul style="list-style-type: none"> <li>• <i>Delivering educational services to a defined standard.</i></li> </ul> <p><i>Benchmarking your expenditure can help create a cycle of continuous improvement and develop a culture where it is easier to question the norm and make changes. Benchmarking is not used solely to focus on reducing costs, but to also improve the quality and impact of the school's services. Benchmarking can be most effective where done in collaboration with other schools, and can be used as a tool for improving or bringing about change and raising standards.</i></p>
<b>5</b>	<p><b>Selecting the right schools to benchmark against</b></p> <p><i>It is important to select the right cohort of schools to benchmark against, based on your own school characteristics. You should be selecting "like for like" to get a better understanding of your school expenditure and that of other schools in the benchmark set you have selected. The characteristics of your selected benchmark set should allow sound comparisons to be made, enable you to ask questions about different categories of spending and encourage constructive discussions with comparator schools to help your school make changes in performance over time. Typical parameters for selection would include area, school size and percentage of deprived pupils.</i></p>
<b>6</b>	<p><b>Interpreting the chart data for your school and others</b></p> <p><i>Care should be taken when interpreting comparative income and expenditure data. Objective information of this sort describes the position of a school relative to other schools: it does not in itself explain why a school is in this position, or provide a view on whether it should be in this position. There may be very good reasons for a school to have relatively high or low figures. What is important is that school governors and managers review the differences, question the reasons for them and aim to make changes where there are not adequate reasons for their spending being high in a particular category.</i></p>
<b>C</b>	<p><b>What to do if things are not right in your school</b></p>
<b>7</b>	<p><b>What to do if your school does not regularly benchmark</b></p> <p><i>The school should begin to benchmark immediately. Information about the national benchmarking site is in section 9. The local authority is also a source of advice on benchmarking. As all schools are responsible for spending large amounts of public funds each year they need to demonstrate value for money to parents, auditors and regulators by showing that this money is being well spent to achieve the best outcomes for children.</i></p>
<b>8</b>	<p><b>What to do if a category of spend appears to be too high</b></p> <p><i>First, you should consider whether your school has particular circumstances that create valid reasons for this high spending. If there are not, you should consider what factors have led to this high level of spending and then how the use of these resources can be improved in the future.</i></p>



**9 Further information**

*There are a number of sources that schools can use to begin or improve their use of benchmarking.*

*The national benchmarking website holds data for all maintained schools since 2002. This website provides data that reflects the expenditure codes that schools use to submit their annual CFR returns. It enables comparisons to be made with other similar schools. Schools can access the Schools Financial Benchmarking (SFB) website via this link.*

*<https://sfb.teachernet.gov.uk/login.aspx>*

*Schools can also contact their local authority to obtain any benchmarking data that their authority has. Such data usually relate to schools within a single authority and can therefore be comparable and easy to interpret. Schools could focus on data relating to a particular area of concern.*

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## SCHOOL FINANCE REGULATIONS 2011 SUMMARY OF CHANGES

1. The current school finance regulations cover the 2008-11 funding period and therefore expire at 31<sup>st</sup> March 2011. This note summarises the main changes for 2011-12, following the consultation. Where these are different from those in the consultation, they are shown in italics.

### *Early Years Single Funding Formula (EYSFF)*

2. Local authorities will be required to implement an Early Years Single Funding Formula from April 2011. The changes include requirements to fund mainly on numbers of actual hours, to use at least three counts during the year and to have a deprivation supplement. More detail is shown at Annex A.

### *Mainstreaming of grants*

3. Following the decision to mainstream grants into the Dedicated Schools Grant (DSG), LAs will be allowed, if they wish, to use a formula factor which replicates part or all of the previous level of grant, either as a cash amount or using the grant methodology, to avoid undue turbulence at school level. The addition is at **Schedule 3 paragraph 36**.
4. The mainstreamed grants will also need to be taken into account in the calculation of the Minimum Funding Guarantee (MFG) so that the budget comparison is on a like for like basis, as they will be appearing in formula budgets in 2011-12. The best way of doing this is to permanently adjust the 2010-11 baseline to include allocations for the grants which are to be mainstreamed in 2011-12. This is reflected for primary and secondary schools in **Schedule 4 paragraph 1(d)**
5. For special schools, there are separate MFG calculations for place-led funding and the remainder of the budget. As the grant allocations are not based on places, and the level of place funding is usually based on existing assessments of need, the baseline should be adjusted for the part of the budget excluding place funding. This is shown at **Schedule 4 paragraph 5(2)**.

### *Central expenditure*

6. Mainstreaming grants will also affect the calculations for the central expenditure limit (CEL), so there will again need to be an adjustment to the 2010-11 baseline to ensure like for like comparisons. The total of relevant grant allocations in 2010-11 will, therefore, need to be added to the 2010-11 Schools Budget for each LA. This is given effect in **Regulation 7(6)**.

7. As a result of the Ethnic Minority Achievement Grant (EMAG) being mainstreamed into DSG, LAs will be able to retain funding centrally within DSG for services which support schools in narrowing achievement gaps for under-performing ethnic groups and in meeting the specific needs of bilingual learners. The revised wording is at **Schedule 2 paragraph 40**.
8. The current regulations on the central expenditure limit require LAs to obtain further approval from schools forums if the proposed central expenditure for future years exceeds the indicative budgets originally set for those years at the start of the funding review **period**. This does not, however, cover the position at the start of a new funding review period. We wish to ensure that, if there is a brought forward overspend on DSG, any funding of this from *the schools budget* central DSG is properly considered by schools forum. We have therefore added a new regulation which states that, where there is an overspend on central Schools Budget expenditure from the 2010-11, *which reduces the schools budget available in 2011-12*, then the funding of this overspend must be approved by schools forum. The wording is at **Regulation 7(4)**.

#### *Minimum Funding Guarantee (MFG)*

9. The wording of the regulation and schedule has been amended to reflect the MFG level of -1.5% in 2011-12 and to clarify the circumstances in which schools forums can approve a disapplication of the MFG without reference to the Secretary of State (**Regulation 25 and Schedule 4**). These have already been communicated to LAs.

#### *Special Educational Needs (SEN)*

10. We have revised the wording in Schedule 2 to make it clearer that SEN support services are an allowable item within the central schools budget (**Schedule 2 paragraph 8**). The Academies Act amendment, which reclassified budgets for pupils with low incidence SEN in academies, has not been continued in these regulations because we have made changes to the way in which the Local Authority Central Spend Equivalent Grant (LACSEG) is recovered from LAs. Funding for SEN support services will not be recouped from LAs in 2011-12.

#### *Exclusions*

11. The ability of LAs to have a formula factor (**currently Schedule 3 paragraph 34**) which takes account of exclusions has been removed. LAs currently using such a factor will need to remove this from their formula from 2011-12. The deductions of age-weighted pupil funding will continue (these are set out in Regulation 23).

### *Federations*

12. There is a new regulation (**regulation 22**) which will allow LAs to calculate a single budget share for schools in a federation with a single governing body within section 24 of the Education Act 2002. This would mean that the data would be entered into the formula as if they were a single school. *This would, however, be conditional on the federation receiving a budget which was no lower than would have happened if the schools had received separate budget shares. In other words, any formula savings resulting from paying fewer lump sums would have to be fully compensated by an addition to the budget share. We envisage the benefit of this arrangement to federations will therefore be mostly in the way they manage and account for the single budget share.*
13. We are also allowing LAs to have a formula factor for federations. This could be used to support federations, for example as a temporary pump-priming measure, *as well as to ensure a federation with a single budget share was no worse off (see paragraph 12 above).* This is set out in **Schedule 3 paragraph 37**.

### *Carbon Reduction Commitment*

14. There will be a new class of expenditure within the central part of the Schools Budget *for the purchase of carbon allowances relating to schools and academies within the LA's Carbon Reduction Commitment calculation (Schedule 2 paragraph 39).*

### *Service children*

15. We already allow LAs to have a formula factor where armed forces movements lead to a reduction in pupil numbers of at least 20% within one year. We have removed reference to a threshold, so that LAs can make provision as they see fit to support schools affected by this turbulence (**schedule 3 paragraph 26**)

### *Academies*

16. We are giving a clearer definition of funding for individually assigned resources (IAR) for academy pupils with special educational needs (SEN). Where these resources are delegated through formula budgets, then the allocations are not included in the General Annual Grant (GAG) calculated by the Young People's Learning Agency (YPLA) and recouped from the LA. Instead, the payments are made directly by the LA from the central part of the schools budget. The current wording in **Schedule 2 paragraph 7** only refers to expenditure which it would be "unreasonable" to be met from a school's budget share, and does not properly reflect the differences in funding of academies. We have therefore amended the wording to cover this.

*Notification of budget shares*

17. There is at present no formal requirement to notify schools and early years private, voluntary and independent (PVI) providers of their budget shares, only of the overall schools budget. While there is no evidence this is not being done, it makes sense to formalise this. We, therefore, have added a new regulation -**regulation 10(2)**.

*Technical changes*

18. There are various technical changes which are needed to ensure regulations are consistent with other proposals relating to school funding. References to funding periods 1, 2 and 3 have been replaced as the regulations will cover a single funding period (2011-12).
19. References to the Learning and Skills Council (LSC) have been removed as 2011-12 post-16 allocations will have been wholly determined by the YPLA.
20. Termination of employment costs can be charged to the schools budget if schools forum agree and provided that there is a saving to the schools budget greater than the annual costs. The previous wording did not adequately recognise that there may be ongoing costs approved in previous funding periods. Reference to a start date has, therefore, been removed. The wording has also been amended to clarify the need for schools forum approval at the time the costs are first incurred – in other words, costs cannot be charged to the schools budget retrospectively. We have taken into account comments during the consultation in finalising this wording. (**Schedule 2 paragraph 37b**).

## ANNEX A – Early Years Provision

**Definitions:** revised definitions of early years provision, prescribed early years provision, and relevant early years provider to bring them in line with the Childcare Act 2006.

- **Part 2, reg 5(1);** addition of sub paragraph (d) to allow the Schools Budget to cover all expenditure on early years provision not in maintained schools or other specified providers (eg non maintained special schools, pupil referral units).
- **Part 2, current reg 7 (3);** amending the wording of the calculation of the Central Expenditure Limit given that the funding for early years will now all be part of the ISB. The change does not affect the calculation of the CEL because the current regulations add the centrally retained PVI funding to the ISB as part of the calculation, but the revision to where the funding is placed (in the ISB) means this adjustment will no longer be needed.
- **Part 2, reg 9 (3):** which requires a local authority to consult their schools forum about and decide upon an EYSFF which they must use in 2011-12.
- **Part 3, current reg 15 (4) (c)** Removal of allowable weighting for under 5s admitted in excess of the admission number agreed with the LA – because it would not be lawful for a school to do this.
- **Part 3, reg 16** provides a replacement regulation for current regulation 17 for 2011-12. This says that LAs:
  - must provide budgets for early years provision using the most recently available data;
  - must review the data during or after the year using either attendance data collected during three sample weeks (census week for example) or total actual hours of attendance;
  - must recalculate the provider’s budget as appropriate;
  - and must implement the redetermination when they consider it appropriate – which may be different for different providers;
  - They must notify providers within 28 days of redetermining the budget;
  - This regulation also removes the option for local authorities to provide funding based upon places, except where there are places specifically reserved for pupils with SEN in any setting or for children in need, (although there is a later option to provide an additional formula factor in support of maintaining sufficient places for children in an area in Part 2 of Schedule 3);
  - It does allow the LA to weight the hours depending upon whether pupils have been admitted in excess of the admission number (for PVI providers only), or for SEN.

- As with sixth forms, authorities are allowed to reduce funding to affected schools within their main formula to avoid any overlap with the new EYSFF.
- **Part 3, reg 17 (4)**; allows differential funding to types of providers to reflect unavoidable costs.
- **Part 3, reg 18 (1) (2) and (3)**; Specify which parts of schedule 3 may be used for respectively the school funding formula and the EYSFF. It also requires that the EYSFF must (as is currently the case for the schools funding formula) have a factor that takes the incidence of deprivation into account.
- **Schedule 2**; the schedule that specifies what may be centrally retained from the schools budget does not allow the retention of funding for the provision of early years funding for provision of the free entitlement, but does allow a contingency budget for that provision (to enable adjustments to funding to be made in year)
- **Schedule 3**; the schedule that provides the heading under which formula factors may be provided is split into two parts, part 1 applicable to all maintained schools and PVI providers and part 2 applicable to the EYSFF only. Part 2 allows factors for
  - the improvement of quality,
  - to take account of flexibility in hours of attendance the provider makes available and
  - to allow LAs to secure or sustain a sufficiency within an area

In general, we wish to give LAs flexibility in the factors used in the EYSFF, and we are therefore allowing most factors which appear in the main school funding formula. The only exceptions are the factors for infant class sizes and the factor protecting schools whose budget shares would otherwise be reduced by 3% or more.



**WIRRAL SCHOOLS FORUM - 12<sup>TH</sup> APRIL 2011**

**PROPOSED WORKPLAN 2011-12**

**Meeting Date**

**June 2011**

**September 2011**

**December / January 2012**

**March 2012**

Elect Chair and Vice Chair

**Finance**

Schools Outturn  
School Balances  
Final DSG calculation  
Central Limit

Schools Settlement  
Schools Budget  
Pupil Premium  
Formula changes

Budget update

**Updates:**

Scheme for Financing  
Schools

School redundancies  
Academies  
Special school agreements  
SEN / PRU / Home Tuition

**Consultation**

School Funding

Funding formula changes  
School Finance Regulations

Formula consultation outcome

School Finance Regulations

**Working groups**

Funding Formula

Traded Services

Early Years Formula review

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