

**Please confirm attendance by telephone 01609 534416 or e-mail to  
[jayne.laver@northyorks.gov.uk](mailto:jayne.laver@northyorks.gov.uk)**

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21 January 2015, 2pm

Meeting to be held in the Grand Meeting Room at County Hall, Northallerton

**A G E N D A**

1. Membership of the Forum including Apologies (Pages 3 – 4)
2. Minutes of meeting held on 28 November 2014 (Pages 5 - 10)
3. Matters Arising

**Presentation**

4. DSG and Schools Budget 2015-16 Update (Pages 11 - 14)

**Items for Decision**

5. NY Education Partnership Implementation Proposals (Pages 15 - 20)
6. Early Years Funding (Pages 21 - 26)

**Items for Consultation and Guidance**

7. Proposals to Re-establish a Loan Scheme for Schools (Pages 27 - 42)

**Items for Information Only**

**Future Agenda Items**



**Dates of Schools Forum / North Yorkshire Education Partnership Meetings 2015:**

Wednesday 4 March  
Thursday 21 May  
Wednesday 16 September  
Thursday 15 October



# North Yorkshire Schools Forum

## Membership

as at January 2015

### School Members (27)

#### Primary Head Teachers (8) °

	<u>School</u>	<u>Expires</u>	<u>Representing</u>
Gill Woods	Austwick, Clapham & Horton-in-Ribblesdale Schools	Jan 2018	Craven
Vacancy			Hambleton
Vacancy			Harrogate
Vacancy			Richmondshire
Rachel Wells	West Heslerton CE Primary	Dec 2017	Ryedale
Tammy Cooper	Ruswarp CoE VC Primary School	Jan 2016	Scarborough
Ian Clennan	Selby Community Primary School	Dec 2017	Selby
Ian Yapp	Riverside CP School	Jan 2018	JDP

#### Secondary Head Teachers (6) °

	<u>School</u>	<u>Expires</u>	<u>Representing</u>
Michelle Costello	Settle College	Sept 2017	Craven
Catherine Brooker	Stokesley School	Feb 2015	Hambleton & Richmondshire
Carl Sugden* (Chair)	King James's School	Nov 2016	Harrogate
Mark McCandless	Ryedale School	May 2018	Ryedale
Vacancy			Scarborough
Mike Roper	Brayton High School	Jan 2018	Selby

#### Nursery Head Teacher / Governor (1) °

	<u>School</u>	<u>Expires</u>	<u>Representing</u>
Jane Pepper	Childhaven Nursery		Maintained Nurseries

#### Special School Head Teacher / Governor (1) °

	<u>School</u>	<u>Expires</u>	<u>Representing</u>
Hanne Barton	The Dales School	Nov 2016	Maintained Special Schools

#### Academy Representative (2) °

	<u>Academy</u>	<u>Expires</u>	<u>Representing</u>
Dr Andrew Cummings	South Craven School	Sept 2016	NY Academies
John Barker	Skipton Girls' High School	Dec 2017	NY Academies

#### Pupil Referral Service Representative (1) °

	<u>PRS</u>	<u>Expires</u>	<u>Representing</u>
Les Bell	Selby	Oct 2018	NY PRS

#### Governor Representatives (8) °

<u>Primary</u>	<u>School at which a Governor</u>	<u>Expires</u>
David Gill	Long Marston Primary School	Aug 2015
Ken Blackwood*	Appleton Wiske CP School	Oct 2015
Vacancy		
Helen Flynn	Hookstone Chase Primary School	May 2017
Jim Martin*	Newby & Scalby Primary	Nov 2017

**Secondary**

June Stevens  
 Vacancy  
 Rosemary Rees

**School at which a Governor**

Selby High School

Settle College

**Expires**

Feb 2015

Nov 2016

**Non School Members (6)****Diocesan Members (2)**

Rob Pritchard  
 Lis Marsden

**School**

St John Fisher CHS  
 Carlton & Faceby CoE  
 VA Primary

**Represents**

RC Diocese  
 Diocese of York

**Expires**

Oct 2018

Dec 2016

**Trade Union Representatives (2)**

Francis Loftus  
 Stella Smethurst

**Represents**

Teaching Staff  
 Unison

**Expires**

Jan 2017

Dec 2016

**Early Years Providers Representative (1) °**

Josy Thompson

Aug 2015

**16-19 Education Providers (1)**

Debbie Forsythe-Conroy

Harrogate College

Aug 2018

**Total Membership 33****Observers (5)**

Chris Head  
 County Councillor Arthur Barker  
 County Councillor Tony Hall  
 Gavin Monument

Teachers Association

Education Funding Agency

**KEY:**

\* Second term of office

° Voting on the School Funding Formula restricted to these representatives

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN & YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Minutes of the meeting held at County Hall, Northallerton  
on Friday 28 November 2014

**PRESENT:**

<b><u>Chair:</u></b>	Carl Sugden (Harrogate)
<b><u>Primary Headteachers:</u></b>	Ian Clennan (Selby), Rachel Wells (Ryedale), & Ian Yapp (JDP)
<b><u>Secondary Headteachers:</u></b>	Michelle Costello (Craven), Tony Hewitt (Scarborough), Mark McCandless (Ryedale), Carl Sugden (Harrogate) and Helen Wiseman (Hambleton and Richmondshire)
<b><u>Special Headteacher:</u></b>	Hanne Barton
<b><u>Pupil Referral Service:</u></b>	Les Bell
<b><u>Academy Representatives:</u></b>	John Barker and Andrew Cummings
<b><u>Governor Representatives:</u></b>	Primary: Ken Blackwood, Helen Flynn & Jim Martin Secondary: Rosemary Rees & June Stevens
<b><u>Diocesan Members:</u></b>	Lis Marsden (Diocese of York) & Rob Pritchard (RC Diocese)
<b><u>Trade Union Representatives:</u></b>	Francis Loftus
<b><u>14-19 Representative:</u></b>	Julie Stevenson
<b><u>Observers:</u></b>	County Councillors: Arthur Barker and Tony Hall
<b><u>In Attendance:</u></b>	Helen Coulthard, Pete Dwyer, Anton Hodge, Jayne Laver, Andrew Terry, Judith Walls & Rachel Woodward
<b><u>Apologies (as advised):</u></b>	School Members: Gill Woods (Craven), Catherine Brooker (Hambleton & Richmondshire), Mike Roper (Selby), Jane Pepper & Debbie Forsythe-Conroy  Non-School Members: Stella Smethurst  County Councillors: County Councillor Tony Hall  Observers: Chris Head & Gavin Monument (EFA)

**606: MEMBERSHIP OF THE FORUM**

The Chair welcomed Rob Pritchard (RC Diocese) and Les Bell (PRS) as new members to their first meeting of the Schools Forum as well as substitutes Julie Stevenson (Harrogate College) and Helen Wiseman.

This being his last meeting, the Chair thanked Tony Hewitt for the contribution he has made to the Schools Forum over the last eight years and wished him well for the future.

It was announced that Scott McFarlane (Hambleton Primary headteacher), Keith Rooney (PRS) and Anne Brown (Primary Governor) had all tendered their resignations since the last meeting.

Current vacancies now include one Primary governor, one Secondary governor and three Primary headteacher representatives. Recent efforts to recruit to the governor vacancies have proved fruitless; the Chair asked that current members assist in alerting their governor colleagues of the need to recruit to these important roles. The recruitment of the headteacher representatives are being held until the Improvement Partnership Chairs have been elected.

**607: MINUTES**

ITEM 602: Final paragraph under Resolved should read “It was agreed that the recommendation regarding a third lump sum equivalent to 75% be held until further work is undertaken.”

**RESOLVED –**

The minutes of the meeting held on 15 October 2014 were approved as an accurate record.

**608: MATTERS ARISING**

The North Yorkshire Education Partnership: Pete Dwyer reminded the Forum of the progress made to date in terms of establishing the Partnership. Further to the meeting of the Forum in September when a draft constitution was presented, only one response had been received from members. It was recognised that this did not reflect a lack of interest but that the process had enabled the opportunity for much detailed discussion. The plan is to launch the Partnership early in the new financial year following the outcome of the School Improvement Service consultation and the establishment of the individual partnerships. A meeting is to be held before Christmas to start to plan the implementation with the focus being on ensuring that membership of the NYEP reflects the constitution. The first meeting of the NYEP will be 21 May 2015.

**609: HIGH NEEDS FUNDING**

Report prepared by: Andrew Terry – Assistant Director (Access and Inclusion) and Judith Walls – Finance Manager (Strategic Resources).

Purpose of report: To consider the development and implementation of a Resource Allocation System from April 2015 for determining the indicative level of Element 3 ‘Top-Up’ funding for all high Needs pupils and students, aged 0-25, regardless of the type of school or setting in which they are educated.

Ken Blackwood proposed that this and item five be deferred to the next meeting given that the papers had only been e-mailed out to members less than three days earlier, allowing little, if any, time for members to be able to read them and be expected to then make a valuable contribution to any discussion at the meeting. The Chair, in response, appreciated Mr Blackwood’s point of order, but felt that any further delays in addressing the reports would result in an increased pressure on officers to take any of the work forward. It was considered important to move the high needs agenda forward given that the Special schools have been waiting a long time for funding decisions to be made to enable them to plan appropriately. He added that the sub-group had spent a full day addressing the detailed work of this area.

Rosemary Rees said that the Funding Reform Group had discussed this at considerable length and it had been agreed that this would be the recommendation. She felt that it would be counter-productive to go back.

### **RESOLVED –**

The Forum unanimously endorsed the following recommendations:

- a) That the development work on the Resource Allocation System for Element 3 'Top-Up' funding be noted;
- b) That the proposal to implement the Resource Allocation System to determine Element 3 'Top up' allocations from April 2015 be endorsed.
- c) That, following the development of options relating to indicative; allocations, a further report be brought to the Forum's meeting in March, 2015;
- d) That the proposal to develop mechanisms which will enable funding for higher levels of need associated with complex medical difficulties; a contextual element relating to special schools, and specialist equipment be endorsed;
- e) That the development of Element 2, and Element 3 'Top up' funding for Early Years providers be based upon the completed CAN-Do questionnaires;
- f) That the budget available for Element 3 'Top-up' funding will not be known until the DfE have notified local authorities of their High Needs Block of the Dedicated Schools Grant be noted;
- g) That approval be given to the proposal to include the £2.7m Element 3 funding, which is currently allocated by reference Prior Attainment, in the total sum to be allocated by the Resource Allocation System for children and Young People with Statements of SEN or EHCPs; and
- h) To note that indicative allocations for 2015-2016 will be notified to education establishments following the March 2015 meeting of the Forum, on condition that the completed 'CAN-Do' questionnaires have been returned.

### **610: ENHANCED MAINSTREAM SCHOOLS**

Report prepared by: Andrew Terry – Assistant Director (Access and Inclusion).

Purpose of report: To consider the funding of enhanced mainstream schools (EMS) in the context of the recommendations of the review of EMS which was completed in the summer term 2014.

In response to Andrew Terry's confirmation that he expected the next phase of the work to be completed by September 2015, Andrew Cummings expressed his disappointment that there was to be no adjustment made this year given the change in the county-wide picture of provision. Whilst he accepted the direction of travel outlined, he had expected for decisions to be made now following the review as there remained too many uncertainties as to future funding levels; as an EMS school he did not feel that he had been kept up to date with progress.

Ian Clennan questioned whether it was also an opportunity to review the minority ethnic achievement hubs. Andrew Terry acknowledged that whilst they were of a similar model, the MEA hubs were of a different nature and should be considered separately; he is to raise this with Jill Hodges.

Helen Flynn highlighted that being an EMS school does impact on results and felt that the local authority and Ofsted should take this into consideration, particularly as this is a North Yorkshire model and not replicated across all local education

authorities. Andrew Terry suggested that how to measure the impact of EMS on a school and its pupils was something for the newly appointed Head of Inclusive Education to address. Carl Sugden advised that the focus on EMS must be included in the main Ofsted inspection but that input from the local authority would be helpful. Ian Clennan, Michele Costello and Rob Pritchard all added that it was important to highlight the EMS from the outset – both in the school’s SEF and when the call is received about an inspection. With the inspection teams being established prior to a visit, it may not be possible for them to be changed to include a resourced provision specialist.

**RESOLVED: -**

The Forum fully endorsed the following recommendations:

- a) To note the recommendations of the post-implementation review of EMS and for a timetable to be drawn up to take the necessary work forward; and
- b) That the budget allocations to EMS be retained at current levels until the work on the redistribution of funding is completed.

**611: ALTERNATIVE PROVISION FUNDING**

Report prepared by: Andrew Terry – Assistant Director (Access and Inclusion) and Judith Walls – Finance Manager (Strategic Resources).

Purpose of report: To consider the funding of Pupil Referral Services and other Alternative Provision in light of both the recent local review of funding methodology and the changes required by the DfE with effect from the 2015/2016 academic year.

With regard to the funding proposals for the Craven PRS, Francis Loftus indicated that a 37% budget cut was resulting in significant staffing cuts, creating much tension and that the additional financial support would be a much needed support.

Jim Martin queried why the number of places at Craven PRS had reduced by so many when it was likely that the original number would be required in the future. Judith Walls and Andrew Terry reminded members of the 2013-14 consultation and the retention of 88 commissioned places.

Les Bell added that the decision had been severe on Craven PRS and that the sub-group had made a strong argument to provide some additional support.

Andrew Cummings said that whilst the reduction had been expected, there was frustration from secondary headteachers that they did not now receive the service they require. Michele Costello echoed this view and supported the proposal for additional funds.

Ken Blackwood acknowledged the significant fluctuations in demand in any location and questioned the need for a single county-wide service that would provide the capacity to meet needs.

Rachel Wells queried the difference between 5 and 25 hours for medical and non-medical support. Judith Walls advised that the revised DfE guidance now stated up to 25 hours where appropriate.

Les Bell advised that outcome data will be provided once a suitable format has been determined.



**RESOLVED:**

The Forum noted the increase in the level of place-led funding from £8,000 to £10,000 and the corresponding reduction in Top-up funding from £11,000 to £9,000 in the 2015/16 academic year. The following recommendations were fully endorsed:

- a) The view of the School Funding Reform Sub-Group that no other changes relating to PRS?AP funding be made until the Behaviour Strategy is completed; and
- b) The additional one-off funding of £25,000 and £10,000 to assist the Craven PRS with the particular issues it is currently addressing.

**612: LMS PROCEDURE RULES REVIEW**

Report prepared by: Jayne Laver – Finance Officer (Schools and Early Years Finance Team) and Rachel Woodward – Procurement Officer.

Purpose of report: to consult the Schools forum on changes to the LMS Procedure Rules prior to their approval by the Corporate Director.

With regard to Rule 1.7, Carl Sugden asked whether it was more appropriate to have a register of all contracts. In response, Rachel Woodward advised that this was the expectation of Council officers within the Council's constitution to undertake procurements in excess of £20k in value through the e-tendering system. It is not the intention to impose too bureaucratic a system on schools.

In response to a question from the Chair, Rachel Woodward gave members a brief verbal introduction to the County Council's e-tendering system.

The Chair asked for clarification as to the reference to training and the opening of tenders in Rule 10.2.iv. Rule 20, to which it refers, states "Any Officer involved in procurement activities should have received a level of formal training commensurate with the nature of the procurement activity being undertaken."

**RESOLVED:**

The Schools Forum noted the contents of the report; their comments were noted and will be addressed prior to being approved by the Corporate Director.

**613: DATES FOR FUTURE MEETINGS**

**Members are asked to confirm attendance as soon as possible after receiving the papers by contacting Jayne Laver by telephone (01609 534416) or e-mail ([Jayne.laver@northyorks.gov.uk](mailto:Jayne.laver@northyorks.gov.uk)) to allow enough time for substitutes to be called upon if required so ensuring that a quorum of 40% membership is achieved.**

2015 Schools Forum / North Yorkshire Education Partnership Dates

Wednesday 21 January 2015

Wednesday 04 March 2015

Thursday 21 May 2015

Wednesday 16 September 2015

Thursday 15 October 2015

All meetings are to be held in the Grand Meeting Room at County Hall, Northallerton, DL7 8AE commencing at 2pm.

Jayne Laver – 1 December 2014



NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**Report Summary Cover for Item 4: Schools Budget 2015-16**

**Summary of Report Contents**

To introduce a presentation which will provide updated details to Members of the Schools Forum about the Schools Budget 2015-16, including an analysis of the impact on individual schools.

**This report:**

Requires a <b>decision</b> to be made by the Schools Forum	
Seeks the <b>guidance</b> of the Schools Forum	√
Is a <b>consultation</b> document seeking the views of the Schools Forum	
<p>Is for <b>information only</b>: this report will not be presented to the Schools Forum. Members wishing to comment or raise questions on its content should advise the Clerk to the Schools Forum who will, if necessary, arrange for the author to be present at the meeting to respond to the issues raised.</p> <p>Please e-mail comments / questions to the Clerk to the Schools Forum: <a href="mailto:jayne.laver@northyorks.gov.uk">jayne.laver@northyorks.gov.uk</a></p>	
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<p><i><u>Note to Report Author:</u> insert √ against the description that applies to this report</i></p>	

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE

SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**SCHOOLS BUDGET 2015-16**

**1.0 Purpose of the Report**

- 1.1 To introduce a presentation which will provide updated details to Members of the Schools Forum about the Schools Budget 2015-16, including an analysis of the impact on individual schools.

**2.0 Details**

- 2.1 In 2013-14 the DSG was split into 3 blocks under new arrangements for schools funding. These 3 blocks, which are indicative only, and not ring-fenced are:
- Schools
  - High Needs
  - Early Years
- 2.2 The amount currently allocated for 2015-16 is in line with expectations. Overall there has been an increase in the baseline figure of £5.3m to £390.0m. In the past few years, the Council has been part of a campaign to ensure a more equitable distribution of funding to LAs across the country and this has manifested itself in the allocation of the equivalent of an extra £9.8m (or 3.1%) compared with 2014-15. All of this additional funding will be allocated to schools.
- 2.3 The lower overall net increase includes an adjustment for the funding of early education for some 2-year olds of approximately £4.7m. This will continue to be funded – albeit at a lower level – from the DSG but the indicative allocation for 2015-16 will not be announced until June 2015. Our own estimates put this at £3.6m.
- 2.4 The DSG allocation is based on pupil numbers and although primary numbers have started to increase, the impact of lower numbers of students in secondary schools means there is a net reduction of £590k. Further additional funding has also been provided to cover the new Early Years Pupil Premium and national pressures related to High Needs pupils. In summary therefore, the expected change in DSG (before deductions for Academies) shows:

	£,000
Baseline DSG for 2014-15	384,719
Additional Funding via MLF	9,825
Reduction in pupil numbers	-590
Reduce for 2-year old funding	-4,747
EY Pupil Premium	257
Extra funding - High Needs	513
<b>Revised DSG as notified Dec 2014</b>	<b>389,976</b>
Other Expected Adjustments	
EY Census Jan - impact of pupil numbers	305
2-year old funding	3,650
<b>Final DSG Expected</b>	<b>393,931</b>

2.5 The final allocation is dependent on final early years numbers which will be not be confirmed until after the January 2016 census and also final adjustments to the High Needs Block due in March 2015.

2.6 The initial allocation of the funding to each of the three blocks is as below:

<b>NYCC Split</b>	<b>Schools</b>	<b>High Needs</b>	<b>Early Years</b>	<b>Total</b>
2014-15 baseline	315,094	44,006	25,618	384,719
Additional Funding via MLF	9,825			9,825
Reduction in pupil numbers	-590			-590
Reduce for 2-year old funding			-4,747	-4,747
EY Pupil Premium			257	257
Extra funding - High Needs		513		513
Finance Team		54	-54	0
School Improvement		294	-294	0
Other realignments of central expenditure		279	-279	0
2014-15	<u>324,329</u>	<u>45,146</u>	<u>20,501</u>	<u>389,976</u>
Additional Funding Expected				
EY Census Jan - impact of pupil numbers			305	305
2-year old funding			3,650	3,650
Final DSG Expected	<u>324,329</u>	<u>45,146</u>	<u>24,456</u>	<u>393,931</u>

**3.0 Work being undertaken to finalise the allocation of the DSG to individual budget lines.**

- 3.1 At the time of writing, work is underway to allocate budgets to schools and other service areas. The deadline for finalising school budgets is the 21<sup>st</sup> January and therefore a presentation will be made, as in previous years, to the January Forum. This presentation will set out the amounts previously agreed to be funded centrally (or de-delegated) in the Schools Block and the impact on school delegated budgets.
- 3.2 A separate report to the Forum deals with the Early Years budget and at the meeting in March, as previously reported, the Forum will consider the High Needs Block, following a further meeting of the School Funding Reform Working Group.

**4.0 Recommendations**

- 4.1 The Schools Forum is asked to note the contents of this report and accompanying presentation

PETE DWYER

Corporate Director, Children and Young People's Service

*Report prepared by Anton Hodge, Assistant Director – Strategic Resources*

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21 January 2015

**Report Summary Cover for Item 5: North Yorkshire Education Partnership Implementation Recommendations**

**Summary of Report Contents**

This report sets out a number of recommendations for consultation with the Schools Forum concerning the implementation of changes to the membership of and some of the administrative arrangements for the North Yorkshire Education Partnership from April 2015.

Report prepared by: *Jayne Laver – Finance Officer and Clerk to the Schools Forum, Schools and Early Years Team*

**This report:**

Requires a <b>decision</b> to be made by the Schools Forum	✓
Seeks the <b>guidance</b> of the Schools Forum	
Is a <b>consultation</b> document seeking the views of the Schools Forum	
Is for <b>information only</b> : this report will not be presented to the Schools Forum. Members wishing to comment or raise questions on its content should advise the Clerk to the Schools Forum who will, if necessary, arrange for the author to be present at the meeting to respond to the issues raised.  Please e-mail comments / questions to the Clerk to the Schools Forum: <a href="mailto:jayne.laver@northyorks.gov.uk">jayne.laver@northyorks.gov.uk</a>	
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NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21 January 2015

**NORTH YORKSHIRE EDUCATION PARTNERSHIP  
IMPLEMENTATION RECOMMENDATIONS**

1.0 PURPOSE OF THE REPORT

- 1.1 This report sets out a number of recommendations for consultation with the Schools Forum concerning the implementation of changes to the membership of and some of the administrative arrangements for the North Yorkshire Education Partnership from April 2015.

2.0 BACKGROUND

- 2.1 At its September 2014 meeting, the Schools Forum endorsed, subject to a few minor amendments, the constitution of the North Yorkshire Education Partnership.
- 2.2 In bringing the recommendations of the North Yorkshire Commission for School Improvement to fruition, a number of tasks now need to be undertaken. The following table sets out some of the tasks for information:

Late January 2015	Series of Headteacher and Governor workshops planned to update and launch the recruitment process for the Chairs of the individual Partnerships.
4 February 2015	Early Years and Childcare providers meeting with LA officers to discuss the development of an Early Years Improvement Partnership.
31 March 2015	The membership of the North Yorkshire Education Partnership to be finalised (including any transitional arrangements).
1 April 2015	Chairs to be in place and Partnerships now operational
21 May 2015	First meeting of the North Yorkshire Education Partnership

- 2.3 These tasks will be led by Jill Hodges, Assistant Director – Education and Skills, the outcomes of which will feed into the restructuring of the Schools Forum into the North Yorkshire Education Partnership.

3.0 MEMBERSHIP: SCHOOLS

- 3.1 The Education Partnership Constitution sets out the required schools membership in paragraph 5 of Part 2.
- 3.2 There are no changes to be made to the overall numbers of representatives under each heading.
- 3.3 Primary Headteachers
- 3.3.1 The total number of Primary Headteachers required is 8, of which 5 will be the Chairs of the 5 Primary Improvement Partnerships.



- 3.3.2 Careful consideration has to be given to the remaining 3 Primary Headteacher positions. If all 5 Chairs have no prior experience of the Schools Forum, there is immediately an issue as to continuity. Similarly, whilst it is recognised that there will inevitably be movement of headteachers during their term of office on the Partnership resulting in positions becoming vacant, if all 8 positions are recruited to at the same time replacement of all 8 could potentially occur at the same time when a staged replacement would be more beneficial.
- 3.3.3 To ensure that some Schools Forum experience is retained in the early stages of the Education Partnership, given that some or all of the Chairs of the individual Partnerships will be new to the Schools Forum role and that current members may not be recruited to a Chair's role, it is suggested that the remaining 3 positions be filled by existing members of the Schools Forum who are not automatically recruited as one of the 5 Chairs and who wish to continue to act as a representative on the Education Partnership. As such, their current Schools Forum end dates would remain the same so staggering the introduction of new members and enabling schools to then nominate and elect their own representatives when that end date occurs.
- 3.3.4 Whilst an Academy Headteacher can be a Chair, they would count as one of the two Academy representatives and not one of the eight Primary Headteachers required.
- 3.3.5 The following recommendations are proposed:
- i. The 5 Chairs of the Primary Improvement Partnerships, once elected, will automatically become members of the Education Partnership.
  - ii. The remaining 3 positions are to be filled on the following basis:
    - a. On a transitional basis, any current Primary Headteacher Schools Forum member who is not elected as one of the 5 Chairs and who wishes to continue as a member can nominate themselves. In the event of more than 3 nominations being received, the advice of the Chair and the Corporate Director for Children and Young People's Service will be sought as to the most suitable to meet the needs of the Education Partnership.
    - b. Should less than 3 nominations be received, nominations will be sought from all primary schools across the County and an election will be arranged.
  - iii. As the 5 Chairs are recruited from geographical areas corresponding to the 5 school improvement areas, no more than 2 of the 8 Primary Headteachers should be from a single geographical/school improvement area.
  - iv. The Chair of the Education Partnership, with support from Local Authority officers, will have overall responsibility for ensuring that the membership shall be representative of all schools across the County within that phase.
  - v. If an elected Chair is the headteacher of an academy, they will be deemed to be representative of the academies and not the primary headteachers. The number of primary/secondary/academy headteacher representatives will continue to be based on the proportion of students in each phase. As such, the number of Primary headteachers recruited from within the Primary Improvement Partnerships could be more than the required 3.
  - vi. The process for replacing out-going members is to be developed.
- 3.3.6 Current position: There are 3/8 vacancies.
- 3.4 Secondary Headteachers
- 3.4.1 The total number of Secondary Headteachers required is 6, of which 1 will be the Chair of the Secondary Improvement Partnership.
- 3.4.2 Again, careful consideration has to be given to the remaining 5 positions. To ensure similar geographical coverage to those of the Primary Headteachers, it is suggested that the positions be filled from the 5 School Improvement areas.

3.4.3 Whilst an Academy Headteacher can be the Chair, they would count as one of the two Academy representatives and not one of the six Secondary Headteachers required.

3.4.4 The following recommendations are proposed:

- i. The Chair of the Secondary Improvement Partnership, once elected, will automatically become a member of the Education Partnership.
- ii. The recruitment of the remaining 5 positions be undertaken in the same way as recommended for the Primary positions as set out in paragraph 3.3.5 ii and iii above.
- iii. To ensure geographical coverage, the remaining 5 positions are to be recruited from the 5 school improvement areas.
- iv. The Chair of the Education Partnership, with support from Local Authority officers, will have overall responsibility for ensuring that the membership shall be representative of all schools across the County within that phase.
- v. If the elected Chair is the headteacher of an academy, they will be deemed to be representative of the academies and not the Secondary headteachers. The number of primary/secondary/academy headteacher representatives will continue to be based on the proportion of students in each phase. As such, the number of Secondary headteachers recruited from within the Secondary Improvement Partnership will be the full 6.
- vi. The process for replacing out-going members is to be developed.

3.4.5 Current position: There is 1/6 vacancy. This is expected to increase to 3 by April 2015.

### 3.5 Nursery Representative (1)

3.5.1 No changes are planned to the current arrangement.

### 3.6 Special School Representative (1)

3.6.1 No changes are planned to the current arrangement.

3.6.2 Should a Special School Improvement Partnership be established in the future, the Chair of the Partnership will automatically become the Special School representative.

### 3.7 Academy Representatives (2)

3.7.1 Should an Academy Headteacher be elected as Chair of one of the Improvement Partnerships, they will automatically fill one of these two positions (3.3.5v and 3.4.4v).

3.7.2 The academies in North Yorkshire will be required to determine their representative(s) where they are not Chairs as set out in 3.7.1 above. To ensure some degree of continuity, it would be preferable for the current Academy representative(s) on the Schools Forum to continue on the Education Partnership if they are willing to do so.

### 3.8 Pupil Referral Service Representatives (1)

3.8.1 No changes are planned to the current arrangement.

### 3.9 Governor Representatives (8)

3.9.1 No changes are planned to the current arrangement,

## 4.0 MEMBERSHIP: NON-SCHOOLS

4.1 The Education Partnership Constitution requires no changes to the current Schools Forum structure.

4.2 However, given the introduction of the school improvement role, it is felt prudent to ask the bodies represented to confirm who they would like to represent them to fulfil the remit of the Education Partnership. The Corporate Director for Children and Young People's Service will undertake this task.

4.3 The Early Years and Childcare Providers are scheduled to meet with LA officers on 4 February 2015 with a view to discussing the development of an Early Years Improvement Partnership. Representation on the Education Partnership is to be included on the agenda.

#### 5.0 SUB-GROUPS

5.1 The current range of sub-groups have, in many cases, evolved over time rather than being reviewed when local and national changes occur such as School Funding Reform and the introduction of SmartSolutions for traded services.

5.2 The introduction of the Education Partnership is an ideal opportunity to review each sub-group, its membership and terms of reference to ensure that it continues to meet the needs of the Partnership. It is the intention that this will be completed for endorsement by the Education Partnership at its first meeting on May 21 2015.

5.3 The sharing of the minutes of the sub-group meetings with the Schools Forum has been sporadic. The views of the Schools Forum are sought as to whether they still wish to see these included in the agenda, would prefer to see a summary of no more than one page per sub-group of the issues covered or do not require either given that the final recommendations are brought to the meetings in separate reports. Minutes can, of course, be made available to members on request if the latter option is preferred.

#### 6.0 MEETINGS, AGENDA AND REPORTS

6.1 It is not the intention of the Education Partnership to increase the amount of valuable time given up by members to support the work of the Local Authority. Five meetings per year (January, March, May, September and October) are considered to be adequate although this will be subject to review as the Partnership becomes established.

6.2 The structure of the agenda does require review to ensure that school funding, improvement and reorganisation issues are given sufficient time for discussion at each meeting.

6.3 In advance of each meeting, members of the Education Partnership will be provided with "Performance Score Cards" for each Improvement Partnership which will be accompanied by a short verbal update by each Chair at the meeting.

#### 7.0 VOTING

7.1 Changes to voting on the schools formula directed by the DfE in 2013 have not been correctly adopted by the Schools Forum.

7.2 To aid members of the Education Partnership, we will replace the existing nameplates with colour-coded ones and set out the voting requirements for each agenda item under the "Recommendations" section at the end of the report as well as on the cover sheet.

#### 8.0 VENUE

8.1 The Grand Meeting Room is the most suitable room at County Hall that can accommodate the numbers required for the Schools Forum. Whilst the Schools Forum takes precedence over most other meetings, this can be problematic when the room is required by elected members, usually at short notice. The only other option is to hold meetings at external venues which would, of course, incur a venue hire cost and have to be of a central enough location for all members to be able to attend with little difficulty.

8.2 The views of the Schools Forum are sought as to the suitability of the current venue and the possibility of other, cost-effective options external to County Hall.

## 9.0 RECOMMENDATIONS

- 9.1 The Schools Forum is recommended to respond to and endorse the proposals as set out in sections 3 to 8, which are, in summary:
- i. Membership will no longer be limited to two terms.
  - ii. The 5 Primary and 1 Secondary Improvement Partnership Chairs are automatically deemed to be members of the North Yorkshire Education Partnership (3.3.1).
  - iii. The remaining headteacher positions are to be recruited, initially, from existing membership willing to continue in the new role as set out in paragraph 3.3.3 and 3.4.4ii.
  - iv. No more than 2 headteachers in each phase on the Education Partnership to be from the same school improvement area to ensure a balance of representation across the County's schools (3.3.5iii and 3.4.4ii and iii).
  - v. The Corporate Director of Children and Young People's Service will formally write to each non-schools body represented on the Schools Forum to request that they confirm their representative on the North Yorkshire Education Partnership (4.2).
  - vi. To review the current range of sub-groups, their membership and terms of reference (5.2) for endorsement at the May 2015 meeting of the Education Partnership.
  - vii. To advise as the preferred treatment of sub-group minutes (5.3).
  - viii. To review the structure of the agenda (6.2) and to make the necessary amendments to improve voting arrangements (7.2).
  - ix. To advise as to suitable venues (8.2).
  - x. To keep all arrangements under review.

PETE DWYER

Corporate Director - Children & Young People's Service

*Report prepared by Jayne Laver – Finance Officer and Clerk to the Schools Forum, Schools and Early Years Team*

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**Report Summary Cover for Item 6: Early Years Block Budget 2015-16**

**Summary of Report Contents**

This report covers the Early Years Block of the DSG which funds 2, 3 and 4 year old place funding and centrally retained expenditure on early years.

The Schools Forum is asked to agree the proposed centrally retained early years budget for 2015-16 and the recommended changes to the hourly rates paid to early years providers.

The Schools Forum is asked to approve the central early years budget for 2015-16 and to support the proposals regarding the funding rates for 2 year olds and for 3&4 year olds, noting the exception for childminders.

Report prepared by: *Helen Coulthard – Finance Manager Schools and Early Years*

**This report:**

Requires a <b>decision</b> to be made by the Schools Forum	√
Seeks the <b>guidance</b> of the Schools Forum	√
Is a <b>consultation</b> document seeking the views of the Schools Forum	
Is for <b>information only</b> : this report will not be presented to the Schools Forum. Members wishing to comment or raise questions on its content should advise the Clerk to the Schools Forum who will, if necessary, arrange for the author to be present at the meeting to respond to the issues raised.  Please e-mail comments / questions to the Clerk to the Schools Forum: <a href="mailto:jayne.laver@northyorks.gov.uk">jayne.laver@northyorks.gov.uk</a>	
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<i>Note to Report Author: insert √ against the description that applies to this report</i>	

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**Early Years Block Budget 2015-16**

1.0 PURPOSE OF THE REPORT

- 1.1 This report covers the Early Years Block of the DSG which funds 2, 3 and 4 year old place funding and centrally retained expenditure on early years.
- 1.2 The Schools Forum is asked to approve the central early years budget for 2015-16 and to support the proposals regarding the funding rates for 2 year olds and for 3&4 year olds, noting the exception for childminders.

2.0 BACKGROUND

- 2.1 The amount of DSG the Local Authority receives for the Early Years Block is determined by the number of funded children recorded on the January headcount and the historic expenditure on activities defined as Early Years.
- 2.2 Individual providers are funded based on a termly headcount and this is partly reflected in the DSG calculation for early years, which is as follows:

January 2015 headcount = number of funded children x 5/12

January 2016 headcount = number of funded children x 7/12

Total weighted number of funded children x £4,269

- 2.3 The unit value of £4,269 has remained the same since 2010 and there has been no additional funding for inflation for 5 years.
- 2.4 Table 1, below, shows the estimated DSG for Early Years for 2015-16 and three proposed transfers between the Early Years block and the High Needs Block.

	£'000
2014-15 Early Years Block Budget	25,618
Reduced funding for 2 Year old entitlement	-1,097
Additional funding for EY Pupil Premium	257
Projected change re number of early years children	305
2015-16 Projected Early Years DSG	25,083
Proposed NYCC movements between DSG Blocks:	
Reclassification of expenditure relating to Early Years Education Skills staff re element of work relating to High Needs Block	-294
Reclassification of expenditure relating to Finance Staff re element of work relating to High Needs Block	-54
Other inter-block adjustments	-279
<b>2015-16 Adjusted Early Years Block</b>	<b>24,456</b>

- 2.5 The initial split of the DSG was created by the assigning of funding for providers and other DSG-relevant budgets to each of the three blocks. It was not a case of an amount of funding being allocated to the Council to spend on each of the block-related services, but was rather calculated in reverse. Over time, although the total DSG is a set amount, LAs are able to switch funding between the blocks – often where there is no change to the total amount allocated for individual services. The adjustments above under the heading “proposed NYCC movements between DSG Blocks” reflect this. There is no overall impact on the DSG, although “headroom” created in one central budget area can be used elsewhere or to contribute to any budget savings. It should be remembered however that any change proposed by doing this to budgets in the Schools Block must be approved by the Forum (as was done at the meeting last autumn). None of the reclassifications above will impact on the Schools Block. Any such reclassification is made to ensure that any changes in the pattern of spending in central services are reflected in how the Council “allocates” the individual school blocks. This helps to ensure meaningful benchmarking with other local authorities.
- 2.6 Appendix 1 details the projected budget requirements in 2015-16 for the Early Years Block. The main changes between the 2014-15 and 2015-16 budget are summarised in the table below.

Budget Area	Variance	Reason
Early Years Single Funding Formula	+ £97k	Projected increase in 3+4 year old children accessing a funded place
Pupil Premium	+ £257k	New initiative wef April 2015
Sparsity Funding	-£100k	Proposed reduction in budget due to effective targeting of resources and successful support enabling providers to become more self sufficient
Workforce Development	-£613k	Reduction in centrally funded training In response to the More Great Childcare paper and a proposal to develop a traded offer to providers
Early Years Improvement Partnership	+£250k	A budget is required to support the work of the Early Years Improvement Partnership
Education and Skills	-£294k	See Table 1
Early Years Finance	-£84k	£54k is a reclassification of expenditure (see Table 1) the remaining £30k is as a result of a reduction in staffing to the EY Business Support Team

- 2.7 The net impact of the proposed changes to the Early Years Block budget is an unallocated balance of £337k. Section 4 of the report puts forward a proposal for the use of this amount.
- 3.0 PROPOSED CHANGES TO THE FUNDING RATE FOR 2 YEAR OLDS
- 3.1 For the first time in 2015-16, DSG funding for 2 year olds will be based on participation, as it is for 3+4 year olds. In 2013-14 and 2014-15 significant additional DSG funding was allocated for 2 year olds, to allow the creation of new places and to support the expansion of the entitlement.
- 3.2 In North Yorkshire we are currently funding 2 year old places at all providers at £5.04 an hour. The DfE have confirmed that the funding they will provide to North Yorkshire in 2015-

16 is £4.85 an hour based on the actual numbers of 2 year olds taking up their free entitlement.

- 3.3 The current hourly rate of £5.04 an hour is higher than the majority of our statistical neighbouring Local Authorities. We deliberately set a higher rate to encourage providers to engage with the new entitlement for 2 year olds. This strategy has worked well and 79% of sessional/full day care providers now have funded 2 year olds, and 28% of funded childminders. There are currently no reported cases of families not being able to access a 2 year old place in North Yorkshire.
- 3.4 There was always a risk that the hourly rate would have to reduce once participation led funding was introduced and early years providers have been made aware of this. The DfE has clearly earmarked 2 year old funding within the DSG and publicised the hourly rate of £4.85, it is therefore proposed that the North Yorkshire hourly rate is reduced on a phased basis to match the DfE funding rate. By phasing the reduction, North Yorkshire will still be paying in 2015-16, above the national funding level and above the rate paid by 60% of our statistical neighbours.
- 3.5 Therefore the proposed hourly rate for 2015-16 is £4.97 which equates to a reduction of 1.5%. The impact of this reduction will be assessed during 2015-16 before any decision is taken whether to reduce the rate further in 2016-17. The difference between the DfE funding rate of £4.85 and the proposed North Yorkshire rate of £4.97 is estimated to cost £94k and will be met from reserves in 2015-16.

#### 4.0 PROPOSED CHANGE TO THE FUNDING RATE FOR 3 AND 4 YEAR OLDS

- 4.1 Early years providers are facing considerable cost pressures and research by the Pre-school Learning Alliance has identified an average funding shortfall of £0.65 (17%) between what Local Authorities fund PVI providers and the cost of providing childcare to a funded 3+4 year old. The decision by the DfE to freeze the funding level of the Early Years Block for a 5<sup>th</sup> year will only add to these pressures.
- 4.2 In addition, there will be a number of services that have historically been provided by the Local Authority free of charge to all early years provides that will effect from 2015-16, will only be available on either a targeted basis or a traded basis.
- 4.3 It is therefore proposed that the unallocated balance of £337k identified in paragraph 2.7 is used to increase the hourly rate for 3+4 year old funding. A benchmarking exercise has been completed with our statistical neighbouring Local Authorities which has identified that the hourly rate we pay to providers is comparable, with the exception of the hourly rate for childminders.
- 4.4 The hourly rate for childminders in North Yorkshire is significantly higher than our statistical neighbours, on average £1.84 an hour higher. In addition there is no evidence to suggest childminders are facing similar cost pressures as those being experienced by the rest of the PVI sector. We do of course rely on childminders to provide funded places in North Yorkshire especially in some rural areas where there is no alternative provision. It is therefore proposed that the hourly rate for childminders (currently £5.56) is not increased for 2015-16 but held at the same level.
- 4.5 If it is agreed to freeze the rate for childminders, the unallocated balance of £337k would pay for a 2% increase to the rate for all other early years providers.

#### 5.0 RECOMMENDATIONS

- 5.1 The Schools Forum is asked to approve the central early years budget as detailed in Appendix 1
- 5.2 The Schools Forum is asked to support the recommendation to reduce the hourly rate for 2 year olds to £4.97 with effect from April 2015



- 5.3 The Schools Forum is asked to support the recommendation to increase the hourly rate for 3+4 year olds for all providers except childminders by 2% with effect from April 2015
- 5.4 The Schools Forum is asked to support the recommendation to freeze the childminder hourly rate at 2014-15 levels.

PETE DWYER

Corporate Director - Children & Young People's Service

*Report prepared by Helen Coulthard – Finance Manager – Schools and Early Years*

	<u>14/15</u>	<u>15/16</u>	<u>Variance</u>
<u>Funding provided direct to Providers</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Early Years Single Funding Formula: projected cost if keep hourly rates the same as 2014-15	17,837	17,934	97
Pupil Premium		257	257
Sparsity Funding	200	100	-100
Statutory Free School Meals	8	8	0
<b>Sub Total</b>	<b>18,045</b>	<b>18,299</b>	<b>254</b>
 <u>Central Early Years Spend</u>			
Workforce Development	863	250	-613
Early Years Improvement Partnership	0	250	250
Education & Skills	794	500	-294
Portage Service	279	279	0
Preventative Services	520	520	0
Strategic Planning	110	110	0
Early Years Finance	271	187	-84
Early Years contingency	41	20	-21
Schools ICT helpdesk/Synergy maintenance	0	6	6
Miscellaneous de delegated items	26	26	0
Overheads	22	22	0
<b>Sub Total</b>	<b>2,926</b>	<b>2,170</b>	<b>-756</b>
 <b>Total 3 and 4 year old Expenditure</b>	 <b>20,971</b>	 <b>20,469</b>	 <b>-502</b>
2 year old exp (after use of reserves)	4,647	3,650	-997
<b>Total Requirement</b>	<b>25,618</b>	<b>24,119</b>	<b>-1,449</b>
<b>Funding Available</b>	<b>25,618</b>	<b>24,456</b>	<b>-1,162</b>
<b>Identified Headroom</b>	<b>0</b>	<b>337</b>	

NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**Report Summary Cover for Item 7: Proposals to Re-establish a Loan Scheme for Schools**

**Summary of Report Contents**

To propose that the LA re-establishes a loan scheme for schools and to ask the Forum for views on the potential for pooling individual school balances to augment the funding available for such a scheme.

**This report:**

Requires a <b>decision</b> to be made by the Schools Forum	
Seeks the <b>guidance</b> of the Schools Forum	√
Is a <b>consultation</b> document seeking the views of the Schools Forum	
Is for <b>information only</b> : this report will not be presented to the Schools Forum. Members wishing to comment or raise questions on its content should advise the Clerk to the Schools Forum who will, if necessary, arrange for the author to be present at the meeting to respond to the issues raised.  Please e-mail comments / questions to the Clerk to the Schools Forum: <a href="mailto:jayne.laver@northyorks.gov.uk">jayne.laver@northyorks.gov.uk</a>	
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NORTH YORKSHIRE COUNTY COUNCIL  
CHILDREN AND YOUNG PEOPLE'S SERVICE  
SCHOOLS FORUM

Wednesday 21<sup>st</sup> January 2015

**PROPOSALS TO RE-ESTABLISH A LOAN SCHEME FOR SCHOOLS**

**1.0 Purpose of the Report**

- 1.1 To propose that the LA re-establishes a loan scheme for schools and to ask the Forum for views on the potential for pooling individual school balances to augment the funding available for such a scheme.

**2.0 Regulatory Framework**

- 2.1 Governing bodies may borrow money only with the written permission of the Secretary of State. However LAs can set up schemes which allow schools to operate with a licensed deficit and they can also agree local Loan Schemes
- 2.2 The current North Yorkshire Scheme for Financing Schools, which is drawn up in accordance with national regulations deals with the issue of deficit budgets as follows.

*4.9.1 Licensed deficits*

*4.9.1.1 The LMS Scheme requires schools to provide budget information to the Local Authority twice a year. If a school finds that its budget is going into deficit, it will need to make plans as to how it can bring the budget back into a balanced position. If it is not possible in the current year, the school will need to apply to the Local Authority for an approved deficit.*

*4.9.1.2 To obtain approval the school will have to draw up a recovery plan; much of the information is provided in reports produced by the financial management computer software. Then a request for a Licensed Deficit is submitted to the Schools and Early Years Team within Children and Young People's Service Finance (Helen Coulthard/Sue Galloway).*

*4.9.1.3 Once approved, an agreement is issued to the school to be signed by the Chair of Governors and the Assistant Director – Strategic Resources.*

- 2.3 On the subject of loans, Regulations provide for this possibility:

*"It is open to an authority to include in its Scheme a form of loan arrangement for schools which does not operate by way of a licensed deficit but rather by way of actual payments to schools or expenditure by the authority in respect of a particular school on condition that a corresponding sum is repaid from the budget share."*

- 2.4 If a Local Authority wishes to operate such an arrangement, the following parameters should be taken into consideration:

- the maximum length over which schools may repay the loan
- the purposes for which the loan may be agreed;

- the maximum size of the loans which may be agreed (this may be by reference to the size of the budget share or in cash terms or some combination);
- the maximum proportion of the collective balances held by the authority which will be used to back the arrangement;
- the role of the Director of Children’s Services and the Chief Finance Officer of the Authority in agreeing any arrangements for individual schools.

2.5 Regulations also state that:

*“An authority may wish to invite schools with balances in external accounts to use some or all of those balances to back a loan scheme, and the scheme should make clear on what basis this would occur.*

*If there is a loans scheme on this basis the authority must show in its budget statements the amount centrally retained for what would be a devolved payment to schools, and the payment should appear in the out-turn statements.*

*In some areas, as an alternative if no other scheme is available, schools may wish to group together to utilise externally held balances for a credit union approach to loans. If so the authority should include provision in its scheme to require audit certification, if the authority does not itself act as administrator of the arrangement.”*

### 3 The historic and current situation in North Yorkshire

- 3.1 NYCC has operated such loans schemes in the past although some of these have come to an end naturally, or due to uncertainties and risks to the Council regarding potential arrangements for the maintaining of schools, such as academy conversions. There have been a number of ad hoc requests from schools which have been agreed in principle, subject to the presentation of robust business cases and other requirements set up under the previous schemes.
- 3.2 The Energy Management Team also operates a Resources Fund. This started in 2008 and operates as an interest-free arrangement to help schools reduce energy and water consumption and limit environmental impacts. The fund is available to cover the capital cost of energy and water saving measures. In theory therefore the loan is repaid from the estimated financial savings a school will make from the reduction in energy and water bills in the first five years. There is no charge for the use of the Resources Fund if it is used by schools to upgrade their Energy Management System (EMS). However there is a 10% charge to the total project cost (or £5,000 if that is lower) for other projects.
- 3.3 At the time of writing, the Resources Fund (which was set up with £1.4m from corporate reserves) has paid out over £1.15m in loans, with £540k recovered to date. The balance on the fund is therefore just under £800k.
- 3.4 This scheme has generally worked well, although there have been some concerns in recent months regarding the financial payback of some larger projects and also that decisions are being made purely in terms of energy management without looking at other issues affecting the individual schools.

## 4 Financing

- 4.1 As referenced above (2.4), an assumption in the Regulations is that the LA offering the loan scheme can fund this by using the “collective balances” of schools held by that authority. In North Yorkshire, schools hold their balances in their own individual bank accounts. At March 2014, these collective balances added up to over £33 million. Technically, any funds in school reserves are County Council reserves (albeit earmarked), but while it might be possible to base the value of loans agreed on the total including the £33m, were the total amount of school loans to exceed the DSG Reserves held in the NYCC main account (see 4.4 below), this would mean a reliance on other cash reserves or borrowing.
- 4.2 NYCC, and its schools, faces some significant financial challenges. Whilst the Council has a good track record on delivering planned savings and managing projects involving changes to services and schools in recent years, the availability of “one-off” funding from Reserves and Balances is likely to be of crucial importance in the period leading up to 2020. Within the wider Council budget, it is highly unlikely that the delivery of a savings programme will match perfectly against the profile of savings requirement, principally as a result of reductions in Central Government Funding. There will therefore be a need to ensure the profiles can be matched up and cash flowed from reserves. This approach will help to ensure a more successful delivery of the 2020 North Yorkshire project and help to avoid short-termist responses.
- 4.3 NYCC also holds a number of DSG Reserves, generated through management of underspends in the Schools Budget over the years. Some of these have been used for specific pressures in the short-term, for example to enable school budgets to be subsidised and protected against the full cost of Broadband, or to pay for individual projects (such as school sports or pressures within High Needs).
- 4.4 The largest single DSG reserve that the Council holds to support schools is around £7.5m. It has already been agreed with the Schools Forum that this fund will help schools deal with the effects of funding reform and this may be through a variety of ways, such as:
- Assisting schools with transitional organisation costs in the light of funding changes. This may be support from the LA or other organisations, or it may be direct costs incurred by schools (employees, premises, etc) on a one-off or short-term basis.
  - Assisting schools facing short-term financial pressures where there is evidence or a strong likelihood that additional funding will eventually flow through to the school. An example of this may be where schools are capped but are faced with one-off pressures (e.g. caused by temporary demographics), and where a permanent restructure would not necessarily be a sensible or worthwhile option.
- 4.5 In all of these cases, it will be important to have the longer term perspective in mind: it is not the intention to allocate such funds to individual schools on a long term basis.
- 4.6 It is therefore expected that this reserve will be depleted over a period of years. In the meantime however, there is, in the absence of the LA holding school collective balances, the ability to use this to resource school loans without the need for the Council to borrow funding. The Council may also, subject to the requirements arising

for the situation described in 4.2 above, be able to use its corporate reserves in some instances, again as a preference to borrowing.

- 4.7 Section 5.3 below sets out proposals to allow schools to deposit some of their balances into a county loan fund.

## **5 A Way Forward**

- 5.1 In certain circumstances, and providing robust business cases and financial plans are in place, NYCC would prefer to be able to assist schools with investments in the short to medium term, and where this is not possible within the rules allowing Licensed Deficit Action Plans. Regulations specifically allow this and other LAs operate such schemes. It also puts money held in reserve to good use, particularly at a time when grant funding for capital investment provided direct to schools has been significantly reduced, leading to an increased pressure on the Council's centrally-managed capital plan. A local scheme would also mirror the arrangements being made to permit academies to borrow in future under regulations for the Condition Improvement Fund.
- 5.2 A revised NYCC loan scheme for schools has therefore been drawn up and is attached as Annex A. This complies with regulations and has been put together after investigating the approach taken elsewhere. It sets out the requirements for schools who wish to apply and also the authorisation process within NYCC. It also sets out how the loans will be funded. Finally, it brings together the various schemes which the Council has operated in the past. It incorporates any current agreements made (including those in principle to schools) but does not seek to change any terms already in place for individual schools.
- 5.3 Since balances are held in school bank accounts, the Schools Forum is asked for views on a proposal to give the opportunity to assist the financing of the scheme. This can be achieved by BAFS schools depositing, for at Least 12 months, a proportion of their cash resources. The Corporate Director – Strategic Resources would pay interest equivalent to the level it would earn if invested. It is expected that the level of interest paid to schools will at least be equal to, and likely to exceed slightly, the interest the school could otherwise earn.

## **6 Recommendations**

- 6.1 The Schools Forum is asked to:
- support the re-introduction of a loans scheme for schools
  - comment on the details in the Annex and Appendices which would support such a scheme
  - comment on the proposal for allowing schools to pool balances to augment the funds available for such a scheme

PETE DWYER

Corporate Director – Children and Young People's Service

Report prepared by Anton Hodge, Assistant Director – Strategic Resources

**ANNEX A****NYCC SCHOOL LOANS SCHEME****1.0 PURPOSE**

- 1.1 To detail the terms and conditions of the loans scheme for schools with delegated budgets through use of reserves held by NYCC, including DSG Reserves.

**2.0 BACKGROUND**

- 2.1 The need for schools to be able to phase payments for large items of expenditure, over several years, is an important facility which is often difficult to manage within a system based upon annual budget allocations.
- 2.2 Without a loans scheme schools can accumulate funds for one off purchases by delaying the purchase until the school has sufficient balances to finance the investment.
- 2.3 Alternatively it is possible for schools, with the approval of the Corporate Director – Strategic Resources to enter into Leasing or hire purchase arrangements. Such arrangements are the subject of separate advice and are not usually encouraged as they can be expensive and ‘tie’ the school to a particular supplier.
- 2.4 Schools with insufficient balances can apply to the Corporate Director – Strategic Resources<sup>1</sup> for a Licensed Deficit in order to make the purchase. This is, of course, approved only if the proposal is viable in the medium term and does, in any event, create ‘presentational’ difficulties for schools in explaining their deficit position to, for example, parents.
- 2.5 The cash available to finance these loans is available from DSG Reserves and any school budget reserves which have been deposited into the general County Fund, but may also be guaranteed by NYCC Reserves and the accumulated balances of schools.
- 2.6 Schools would pay interest at a level which would also cover the cost of administration incurred by the Authority.

**3.0 LOANS SCHEME**

- 3.1 Schools with relatively large balances would not need to use the scheme. Schools with low or no balances are likely not to be judged sufficiently “credit worthy” to justify a loan. Loans are not available for schools with deficits.
- 3.2 The scheme would operate under a set of stringent conditions.

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<sup>1</sup> Or the nominated representative of the Corporate Director. In this case the authority is delegated to the Assistant Director – Strategic Resources (CYPs)



- 3.3 The rate of interest charged under the scheme would be fixed slightly above (0.5%) the current inter-bank rate (known as Base Rate). This will be attractive to schools as compared with, for example, the underlying interest rates in a typical Leasing arrangement. The principle repayments and interest will be repayable, in equal instalments, over the period of the loan.
- 3.4 Since balances are held in school bank accounts it is proposed, if necessary, that schools be given the opportunity to assist the financing of the scheme. This can be achieved by BAFS schools depositing, for at Least 12 months, a proportion of their cash resources. The Corporate Director – Strategic Resources would pay interest equivalent to the level it would earn if invested. It is likely that the level of interest paid to schools will at least equal to, and likely to exceed slightly, the interest the school could otherwise earn.
- 3.5 The Authority has fixed a maximum level of outstanding loans and, initially, the maximum will be fixed at £2.5m (or no more than 33% of the level of funds readily available<sup>2</sup>). These limits would be reviewed annually to take account of the level of demand and based on school balances.
- 3.6 This loan scheme will encompass all previous NYCC school loan schemes, including
- Loans, administered by the Schools ICT Service to phase the purchase of computer equipment over the life of the asset.
  - Loans, administered by North Yorkshire County Caterers to invest in catering facilities by
  - Loans administered by the Energy Team as part of the “Resources Fund”
- 3.7 The national provision on Devolved Formula Capital allows schools to commit resources for the current years and up to two future financial years. Schools taking advantage of this flexibility will, potentially, subject to their own cash balances, require additional cash advances. These are administered by the BAFS Scheme/system rather than this Loans Scheme.
- 3.8 Conditions of the Scheme are attached at Appendix 1. A sample application form is enclosed as Appendix 2.

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<sup>2</sup> Defined as unallocated DSG Reserves, plus school balances deposited in the County Fund, plus any NYCC Reserves made available for this Scheme (such as the former Resources Fund).

**Appendix 1****NORTH YORKSHIRE COUNTY COUNCIL****SCHOOL LOANS SCHEME – CONDITIONS**

Schools are permitted to borrow money from the Authority to be repaid from their school budget shares over more than one financial year. The type of expenditure, which would be eligible for a loan and the conditions relating to the loan are covered in the sections which follow:

1. No school has an absolute right to receive a loan, but all schools maintained by NYCC with delegated budgets, are eligible to receive consideration. Loans cannot be made to Academies, Free Schools or Independent Schools.
2. Any school wishing to receive a loan is required to prepare an individual bid meeting all the requirements contained in this proposal, which would then be examined by the Assistant Director – Strategic Resources, on behalf of the Corporate Directors for Strategic Resources and Children and Young People’s Services.
3. The scheme will be overseen by the Education Partnership. The Partnership will receive annual reports on the operation of the scheme and will offer guidance on the criteria for granting loans. However it will not be involved in making individual decisions on loan applications.
4. Loans are available only for expenditure, which would be of benefit to the school over a period greater than one financial year (i.e. of a capital nature).
5. Loans are not available to support general problems with a school’s revenue budget.
6. The Council will wish to consider those bids which, in particular, incorporate a guaranteed saving which covers, or contributes significantly, to the repayments. Projects with an environmental aspect, e.g. expenditure resulting in energy savings which will contribute to, or actually repay, the debt, would be encouraged.
7. The maximum period of loan will be 10 years, but the Authority may agree in exceptional circumstances an extension to this. The life of the asset purchased through the loan must exceed the length of the loan period.
8. Interest will be charged at a variable interest rate as follows. The rate of interest charged under the scheme would be fixed slightly above (0.5%) the current inter-bank rate (known as Base Rate). There may be an adjustment in the first year to reflect the timing of the advance. Fixed rates will be available on request.
9. Loans may be fully or partially repaid early thus reducing interest charges.
10. In determining whether to endorse a loan request the Assistant Director – Strategic Resources will assess the credit worthiness of the school. The school’s record on balances may also be taken into consideration. A financial plan covering the period of the loan repayment will be required and any other budget management information that is deemed relevant.

## ITEM 7

11. The loan will be immediately repayable if the school fails to comply with the terms and conditions of the loan. Should a school convert to Academy status, the loan repayment will become due before that conversion takes place.
12. The loan offer will be valid for 12 months. It will however be extended where contracts have been agreed, but works delayed. Should the scheme fail for any reason, the offer will be withdrawn with immediate effect.
13. In the unlikely event that any asset bought or built is subsequently sold, the loan must be repaid in full.
14. Loan repayments will be collected by the Authority from the school's budget allocation.
15. Prior to approval of any loan the feasibility and 'fitness for purpose' will be assessed by the Corporate Director (CYPS).

Appendix 2

**SCHOOL LOAN APPLICATION**

**Section 1: What Project is the Loan required for**

Before completion please contact Children and Young Peoples Finance and ask to discuss 'Revenue Budget Loans'. We will then provide advice including an estimated cost of repayments including interest.

SCHOOL: .....

DfE NO: .....

1.1 Please supply a brief description of the project.

1.2 How does the project contribute to the achievement of the School's Development Plan.

1.3 Estimated cost of the project.

Total estimated costs (including any fees) £ \_\_\_\_\_

Who determined the estimates .....

Price Base .....

1.4 Sources of finance for project.

	£000
School Budget Reserve	
Devolved Capital	
Agreed NYCC Contribution	
Other Sources..... detail	
LOAN	
Total (as per 1.3)	£

1.5 Revenue Implication of the Project.

What impact will the project have on the school's annual revenue spending? Please provide details below. Include the year in which spending will change.

1.6 Teaching Space.

Please give details of how the project will increase or reduce the school's teaching space (or write "no change").

1.7 New Equipment.

If the proposed includes the purchase of new equipment please give details of the estimated life of the equipment and details of security arrangements.

**Section 2: Repayment of the Loan**

2.1 Amount of loan requested (as per 1.4) £ \_\_\_\_\_  
(see loan condition 8)

2.2 Proposed Repayment Period \_\_\_\_\_ years.  
(see loan condition 7)

2.3 Loan Repayment: Is the loan repayment to be met only from the schools future budget shares?

YES/NO

If NO give details of other sources of funding which total £ \_\_\_\_\_

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2.4 Loan Repayments from School Budget: A budget forecast, for the length of the loan period, based upon current LA funding levels and current projections on pupil numbers. Enter sums to nearest £000.

	Financial Year	Y1	Y2	Y3	Y4	Y5
1.	Balance b/fwd					
2.	Section 52 & other income					
3.	sub total (1 + 2)					
4.	less Expenditure excluding loan repayment					
5.	sub total (3 - 4)					
6.	less Loan Repayment (see note below)					
7.	Balance c/fwd (5 - 6)					
8.	Pupil numbers on which budget share is calculated					

The loan repayment will be as per information provided by the Children and Young Peoples Finance based upon the number of years the loan is requested over.

**Section 3: Conditions & Signatures**

This proposal was approved by the Governing Body at its meeting on .....

We accept the conditions for the loans scheme as set out in the LMS Scheme.

Chair of Governors: ..... Date: .....

Headteacher: ..... Date: .....

RETURN TO THE FINANCE MANAGER – SCHOOLS AND EARLY YEARS ROOM SB008,  
COUNTY HALL, NORTHALLERTON.

Children Services Finance

Application Received: .....

Approved: ..... Date: .....  
Assistant Director – Strategic Resources

Date of Advance agreed with school: .....

Advance Made: £..... Date: .....

Updated November 2014

## LOAN TERMS AND CONDITIONS

### INTERPRETATION

1. In this Agreement the following words and expressions shall have these meanings:
 

<b>Charge</b>	To be agreed.
<b>Default</b>	An event described in clause 6.
<b>Loan</b>	The money loaned to the School for the purpose Specified Purpose.
<b>NYCC</b>	North Yorkshire County Council.
<b>Project</b>	the project detailed in Section 2 of the attached form
<b>School</b>	The School named on the attached form.
<b>Specified Purpose</b>	The purpose of implementing the Project.
  
2. When this Agreement refers to natural persons it shall also be taken as referring to companies, corporations, partnerships, firms, joint ventures, trusts and any other type of organisation whether or not the law treats them as legally separate entities and vice versa.
  
3. Where this Agreement is signed by more than one person as partners, each person who signed the Agreement will be jointly and severally liable.
  
4. This Agreement is not intended to give any third party any benefit under the Agreement or the right to enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

### THE AGREEMENT

- 1.0 The Loan
  - 1.1 The School must use the Loan only for the Specified Purpose. NYCC will have the right to monitor how the Loan is used but we will not be obliged to do so.
  
- 2.0 Preconditions to making the Loan available
  - 2.1 The statements made by the School in clause 5 must be correct immediately after the Loan is made available and that none of the events set out in clause 6 will have occurred.
  
  - 2.3 If these pre-conditions are satisfied, NYCC will make the Loan available to the School by transferring the appropriate amount to the designated bank account.



### 3.0 Repaying the Loan & Charge

3.1 Each year NYCC will provide on request an annual statement showing the amount of the Loan outstanding and the repayments that have been during the previous year.

### 4.0 Responsibility of the School

4.1 The School accept responsibility for:

- (a) Ensuring that the Project is procured in accordance with all relevant European and domestic laws and all rules applicable to the School;
- (b) Ensuring that the project is properly designed, correctly implemented and that all relevant health and safety laws and other relevant requirements are met;
- (c) Paying for goods and services in connection with the Project.

### 5.0 School representations

5.1 The School represent and warrant to NYCC that:

- (a) The School have validly signed this Agreement under any constitutional documents and have obtained all authorisations needed to sign it;
- (b) The obligations under this Agreement are legal, valid, binding and enduring obligations;
- (c) To the best of its knowledge and belief nothing has occurred or is about to occur which will affect the solvency of the School;
- (d) To the best of its knowledge and belief all written information supplied by the School in connection with the Loan is true, complete and accurate in all material respects;
- (e) To the best of its knowledge and belief there are no plans being created or considered to convert the School into an academy.

### 6.0 Default

6.1 The School agree that if any of the following events occurs it will notify NYCC immediately and the School shall repay the Loan and Charge immediately:

- (a) The School fails to comply with any of its obligations under this Agreement;
- (b) Any of the Schools representations or warranties given in this Agreement turns out to be incorrect;
- (c) The School become unable to pay its debts;
- (d) The School converts to Academy status or otherwise alters its status;
- (e) The School is closed down.

7.0 Legislative Compliance

7.1 The School acknowledge that NYCC are bound by the Freedom of Information Act 2000 and will co-operate with NYCC in respect of the processing of a request for information made to NYCC under the Act so far as the request relates to this Agreement or any related matter.

7.3 The School agree to obtain all necessary consents in relation to the Project.

7.4 The School agree to indemnify NYCC in respect of any costs NYCC incur as a consequence of the Schools failure to comply with Clause 7.

8.0 Other Provisions

8.1 In view of European State Aid legislation NYCC must include this provision which overrides any other provision in this Agreement. If NYCC are required to do so by decision of the European Commission or under any law of England or the European Community, it has the right to vary, withhold and/or reclaim all or part of the Loan.

8.2 The School shall make all payments due to NYCC without setting off any amounts or deducting or withholding any amounts from the full amount due.

8.3 The loan is exclusive of VAT.

8.4 The failure of either party to exercise any right or remedy shall not constitute a waiver of that right or remedy and no waiver shall be effective unless it is communicated to the other party in writing.

8.5 Any notice or demand from either party must be by letter to the address shown on the attached form.

8.6 The School must not assign or charge the benefit of this Agreement. NYCC may assign the benefit of this Agreement to any successor authority.

8.7 Except as otherwise stated this Agreement, including attached form, is the entire Agreement between the Scholl and NYCC and no variation will be binding unless made in writing and signed on behalf of each party.

8.8 This Agreement is governed by the laws of England.