

**NOTE OF THE BUDGET CONSULTATION MEETING WITH THE
CHESHIRE EAST SCHOOLS FORUM held on 19 JANUARY 2009**

PRESENT:

Cheshire East Shadow Council (CE) Councillors

Cllr Paul Findlow (Chair)
Cllr Wesley Fitzgerald

Schools Forum

Chris Chapman (Chair of Schools Forum) and 17 members of the Cheshire East Schools Forum

Officers

Cheshire East (Shadow) Council

Erika Wenzel, Chief Executive
Lisa Quinn, Borough Treasurer and Head of Assets
John Weeks, Executive Director, People
Barbara Hughes, Interim Head of Children and Families

Cheshire County Council

Louise Rees, Children's Services Policy Manager
Paul Plested, Principal Accountant, Children's Services Finance
Anne Tunnicliffe, School Funding and Policy Manager
Charlotte Fenn, Acting Clerk to the Cheshire East Schools Forum

The Chairman, Councillor Paul Findlow, Portfolio Holder (Children and Family Services) opened the meeting and everyone introduced themselves.

Lisa Quinn, Borough Treasurer and Head of Assets gave a presentation on the Financial Scenario, providing an overview of the financial planning process, the service budgets, capital programme and council tax proposals of the new authority and comment on the likely impact on the Council of the current recession.

Comment: Thanks were given for the presentation, but it was noted that the budget was nearly set and whilst there was general awareness of the new Council's financial situation within the Forum some concern was expressed that there was not a detailed knowledge of the effects of the budget on children and the consequences for other parts of the organisation.

Response: It was acknowledged that consultation was happening later than would be ideal and one of the objectives of the event was to inform

improvements in the consultation and information process for next time. Assurance was given regarding the development and content of the budget proposals as they affect children's services.

Comment: Regarding the budgeting process, it seems strange that the Council Tax was set so early, before an understanding of the needs and their associated costs. It was hoped that next year, the Council would not be so constrained.

Response: Councillor Wesley Fitzgerald, Leader of Cheshire East (Shadow) Council agreed, explaining that the sponsoring authorities were required to present their financial plans to Government in the People and Places bid and also to deliver the reorganisation within a short timescale. He added that there was complexity in disaggregating the County Council and aggregating the Districts and that it was a challenge for management to make it work.

Comment: It seemed that schools were being asked to tighten their belts, to a greater extent than the Council in its central spending and that this was the wrong way around. The principle of devolved budgets should be that the money is closer to children whereas in the proposals the central pot is going to be larger.

Response: Barbara Hughes, Interim Head of Children's Services, replied, stating that all Dedicated Schools Grant (DSG) money goes to children, whether to schools or to the responsibilities of the local education authority – it is all about children.

Comment: Concern was expressed about the growth in the central budget and what the money would be spent on. It was difficult to see the thinking behind the proposals and how the new authority would be transformational. Reference was made to the role that the Education Improvement Partnerships could play in the development of support within the community

Response: Cllr Findlow responded that the general principle of delegation was accepted and supported. Barbara Hughes outlined the pressures in children's social care, dealing with specialised needs, managing children out of school and supporting families in difficulty. Cheshire East wished to charge legitimate spend to the DSG and thereby release funding to spend on children's services priorities, including children in difficulties. Money spent in this way would benefit schools on a day to day basis.

Barbara went on to say that the Authority would be talking to schools about how to deliver services and priority areas. Assurance was given that the proposal to charge expenditure to DSG would not be spent on "advisors".

Comment: The significance of the "Dedicated" "Schools" "Grant" was emphasised and comment was made that the macro-economic situation is affecting at the micro level, e.g. the viability of school trips. DSG should be used to enable schools to provide the best.

Comment: Greater transparency is needed in respect of the central spend budget; there is a concern that if set too high, a base will be set and it would escalate in the future. Central spend should be set at a minimum in the first year. Proposals for schools to buy back services should be drawn up.

Comment: It was noted that most of the special schools are located in the West and that we could find ourselves paying more. A question was asked on how these assets are being considered and also how the outdoor education facility in North Wales would be managed in the future.

Response: Councillor Findlow responded, saying that the County's subsidy in respect of the Conway facility had reduced in recent years and that discussions were underway regarding establishing a trust to manage that and similar in-County facilities in the future. Lisa Quinn stated that in respect of special schools and a few other County property assets, a joint East-West group of Members and officers was working to reach agreement on the split of assets and related service use and cost sharing, by 31 March 2009.

Comment: It was important not to lose the opportunity of looking at principles, e.g. the Local Management of Schools (LMS) agenda, the work of the Education Improvement Partnerships and the objective of being closer to communities. Concern was expressed about a perceived change in policy in respect of children with special needs.

Response: Barbara Hughes replied, providing assurance that no change in policy was implied, merely that comment was being made on the service pressures in this area.

John Weeks, Strategic Director (People), provided assurance that detail on the proposals, notably the central spend, would be provided, also that the situation inherited from Cheshire County Council was challenging and that a transformational "thinking family" approach was being developed. He commented that the new authority's commitments on children, education and family are those on which we should be judged. The Council was looking to strengthen the role of clusters of schools acting together as local commissioners. Erika Wenzel, Chief Executive, confirmed that the Council will be looking at all elements of partnership working, including crime reduction.

It was acknowledged that the Council will be judged on the plans it develops in 12 month's time.

Comment: Some concern was expressed that given inflation in teachers' pay and non-staff costs, the budget will be regarded as a decrease, which would be seen as unfortunate in the first year of the new local authority.

Response: Louise Rees replied that the Government provides a minimum funding guarantee, taking account of pay inflation and other changes, but that as the MFG is lower than cost pressures, the Government expects schools to deliver 1% per annum efficiency savings. The budgets schools receive is

through the LMS formula in the first instance. If the formula delivers more than MFG, that is what schools receive depending on individual circumstances, including changes in pupil numbers.

Comment: A question was asked in respect of the DSG underspend and whether assurance could be given that they would go into the individual schools pot.

Response: Louise Rees stated that the underspend being discussed related to the central spend budget in 2007/08 and 2008/09 and confirmed that this had been added to the total DSG pot if funding. Louise explained that the individual schools budget would be getting the benefit of this - if the funding had not been treated in this way, then the restriction to the Age Weighted Pupil Unit (AWPU) would be higher.

Comment: Comments were made on the various policy proposals and again on the apparent increase in the central budget. A proposal that the funding for Ministerial priorities be used to offset the proposed AWPU restriction was put forward.

Response: Louise Rees outlined the background to the generation of the underspend in respect of seeking to avoid clawback of Cheshire SureStart grant. Assurance was provided that this approach would not affect formulation of a fair baseline of central spend in the future. Councillor Findlow confirmed that he would actively consider proposal to use the Ministerial Priorities funding within DSG to offset the restriction to AWPU.

Comment: It was noted that in the last 5-6 years, the special education needs (SEN) budget has been exceeded and concern was expressed regarding managing budgets and keeping the balance of spending right, for all children.

Response: In reply it was stated that the Council would be looking to develop special school provision in Cheshire East, avoiding spending out of the area and enabling better control of costs.

Comment: Regarding the Transforming Learning Communities (TLC) schemes, the Forum was being asked to agree to the use of revenue savings to support prudential borrowing and retirement/ redundancy costs. It was noted that the Forum needed some more information on these matters.

Response: Louise Rees confirmed that further information would be provided to enable the Forum to make such an agreement.

Comment: In concluding, comment was made that everyone understands the need to divide the cake and appreciates the complexities of doing that fairly, in providing a range of services including education.

The Chairman thanked everyone for their contributions.