

**Minutes of:                    OVERVIEW AND SCRUTINY COMMITTEE**

**Date of Meeting:**    7 September 2017

**Present:**                    Councillor R Caserta (in the Chair)  
                                     Councillors T Cummings, M Hankey, J Harris, M James,  
                                     J Lewis, R Skillen, S Smith, J Walker and S Wright

**Also in  
attendance:**

**Public Attendance:** No members of the public were present at the meeting.

**Apologies for Absence:** Councillor Leach

---

#### **OSC.140    DECLARATIONS OF INTEREST**

Councillor S Wright declared a personal interest in any items relating to schools as his wife is employed at a Bury School.

Councillor J Walker declared a personal interest in the item relating to the Neighbourhood Engagement Item as he is Deputy Cabinet Member for Communities.

#### **OSC.141    MINUTES OF THE LAST MEETING**

It was agreed:

That the Minutes of the Meeting held on 4 July 2017 and 18 July 2017 be approved as correct records and signed by the Chair.

#### **OSC.142    SCHOOL FINANCES/SEN COSTS**

Further to the meeting held on 4 July 2017 Councillor Smith referred to the topic of devolution being included on the work programme. It wasn't on the forward plan so Councillor Smith asked whether the Committee would be receiving an update on it.

It was hoped that the Committee would be given the opportunity to review the work that was being carried out in relation to devolution across Greater Manchester at its February 2018 meeting.

Further to Minute OSC.49 of the Meeting of the Overview and Scrutiny Committee held on 4 July 2017, Klare Rufo Assistant Director and Peter Lowe Head of Finance Services, Children, Young People and Culture attended the meeting to update members on the Schools and the Dedicated Schools Grant 2016/2017 following the questions that were raised in relation to this:

- Councillor Wright referred to the academisation of schools and whether more schools becoming academies would affect schools' funding and what impact this would have in relation to Council finances.

The local schools funding formula is determined each year by Financial Services in consultation with the Schools Forum and approved by the Council at the annual Budget Setting meeting. The local formula is the basis on how each school and each academy within the local authority area is funded.

These funds are provided by the national taxpayer through the ring-fenced Dedicated Schools Grant which is currently determined for each local authority by the Department for Education (DfE).

Those schools that convert to an academy, the DfE will provide additional resources from their coffers to compensate the converters for what the local authority used to provide for schools generally 'free-of-charge', for example VAT compliance and returns, closure of accounts and audit fees.

Also the local authority achieves efficiencies through economies of scale, for example insurance premiums, which individual academies are not able to benefit from. The DfE provide additional funding and are developing schemes to assist academies with these additional costs.

Although local authorities are seeing reductions in their external funding for some education services, these are subject to change in the national funding arrangements being proposed by the DfE. Although there are indications what these proposals might mean for local authorities like Bury, the details won't be known for a few weeks.

Local authorities are able to trade with academies and a number of services, e.g. payroll, are already working with academies within Bury and also to a number of academies outside of the Bury area.

- Councillor James referred to schools' overspending and the requirement for them to repay the deficit to the DSG Control Account. Councillor James asked how schools would be able to repay this if they didn't have the funds available.

Almost 90% of Bury schools have surplus funds and the others have action plans to bring them into a balance budget position by 2018/19. This could fluctuate depending upon the impact of the proposed national funding formula that the DfE have indicated should begin in 2018/19 with full implementation by 2019/20, especially when compared to the projected cost increases schools are facing.

High Needs should be implemented by the end of the current Parliament in 2022, but the complexities of each pupil and student may require further transitional arrangements. Bury is one of only three local authorities in England to be working with the DfE to develop the detailed aspects of High Needs funding.

The DSG Control Account is the mechanism whereby the local authority receives the external funding from the DfE to distribute to its schools, early years providers (private, voluntary and independents as well as schools with nursery provision) and those SEND pupils and LLDD students aged up to 25.

DSG Funding for each academy, based on the local schools funding formula, is deducted from the LA's schools' DSG and distributed to each academy by the Education and Skills Funding Agency (ESFA).

NB all DSG funding for early years and high needs is distributed to each LA, again formula based, for the LA to distribute these monies to each school and academy as well as each early years provider.

Out of the total funding from the High Needs block of the DSG, the local authority commissions provision for SEND pupils and LLDD students.

The large increases since 2013/14 were as a consequence of the transfer of responsibilities for post-16 students with Learning Difficulties and Disabilities attending FE colleges.

The level of funding made available by the Education and Skills Funding Agency's predecessors was insufficient to meet the demand pressures of these students and coupled with the in-house provision in Bury is not able to meet the significant increase in demand means that there are more pupils with SEN attending much more expensive independent special schools.

This situation is exacerbated by the number of pupil exclusions and these pupils having to be educated in much more expensive provision than in Bury schools.

Consequently the impact of the financial deficit within the DSG Control Account is almost wholly within the High Needs block of the DSG.

It is difficult to implement an in-year change as school budgets have already been determined and cannot be changed during the current financial year. Another complication is that from 2018/19 the DfE will ring-fence the schools block of the DSG and will limit the amount that can be transferred out of the schools block to other areas of the DSG. This will be a maximum of ½% of the schools block and will require the approval of the Schools Forum.

As part of the requirements of the proposed national funding formula for each aspect of the DSG, each local authority had to undertake a 'baseline exercise' of its spending within the DSG split between the main blocks.

Although fully compliant with the DfE's specified criteria, Financial Services managed to show that spending by Bury schools was lower than in previous years, while spending on High Needs provision was much higher.

This strategy will benefit Bury schools as the DfE's main intention is to raise the amount of funding to schools and academies through the national funding formula for schools, especially in those areas that are below the national averages.

The DfE are providing additional funding by 2019/20 for schools amounting to £1.3 billion throughout England. The main areas to be increased are:–

- an additional ½% per pupil in every school and academy in 2018/19
- at least £4,800 per Secondary pupil by 2019/20
- increases to the Deprivation factor within the schools formula
- increases to the Low Prior Attainment factor within the schools formula
- increases to the English as an Additional Language factor within the schools formula

The High Needs block will also be distributed through a formula mechanism based on proxy indicators and a funding floor that protects the amount of spending on these vulnerable pupils and students so that no local authority will lose funding following the introduction of the national funding formula. By demonstrating that Bury spends at a high level we have managed to potentially gain additional funding for schools and high needs.

Although this should address future funding levels, it is unlikely that this approach will pay off the accumulated deficit within the DSG Control Account.

As part of the national funding arrangements, the DfE expect schools and academies to contribute the first £6,000 of the additional cost of their High Needs pre-16 pupils. The local authority provides the remaining "SEN top-up" cost of the Statement/EHC plan from the High Needs budget.

Currently Bury takes into account how much a school receives through the Low Prior Attainment factor of the local schools funding formula to determine how much a school or academy will receive in "top-up" funding.

When the National Funding Formula begins in 2018/19, there will be additional amounts provided through the Low Prior Attainment factor which will impact on the amount of "SEN top-up" currently received by each school and academy.

The level of "SEN top-up" will be re-determined otherwise some schools will receive double funding for their SEND pupils. This will mean that the contribution

from the High Needs block will be lower and these monies will be used to reduce the deficit within the DSG Control Account.

Schools and academies will not need to contribute towards the deficit within the control account, but will have to appreciate that some of the growth in the funding from the schools block of the DSG will be limited.

During the National Funding Formula consultation in March 2017, it was explained at the seminars that all Bury schools were invited that this was the approach the Council is proposing to take.

The DfE are indicating that they will publish during the next few weeks each school and academy's indicative 2018/19 budget as determined through their proposed component factors of the schools NFF.

Once these are available number of seminars will be arranged to take schools in Bury through the DfE's proposals and we will also re-iterate the problems of the DSG Control Account and the proposed solution to the deficit.

Other questions were asked at the meeting:-

- Councillor Caserta referred to traded services with schools such as catering, cleaning and maintenance and asked how this was being undertaken.

It was reported that the authority was still entitled to trade with academies and free schools and would have to go through a procurement process to do this. The authority would have to be competitive with its contracts.

Training sessions had been planned for head teachers, school business managers and school governors to explain the tendering process and TUPE and the protocols which schools' need to follow when tendering for new contracts. It was also explained that the Council would be dividing their offers which would set out exactly what was on offer.

- Councillor Caserta asked whether the Council would be looking to offer traded services to schools in other boroughs.

It was explained that the Council needed to look at its own services first and the management of these before going further afield.

- Councillor Lewis asked about the equipment currently in the schools and who owned this.

It was explained that the Council owned the equipment and would be responsible for their maintenance and replacement. If a school decided to go with another provider then the equipment would then become their responsibility.

- Councillor Smith asked whether a school would be able to return to Council traded services if it had used another provider.

This would definitely be an option.

- Councillor Hankey referred to school places and capacity and asked whether there were sufficient places in schools to meet the need.

Klare Rufo explained that the Council planned capacity requirement in schools in advance based on projected figures. This was done strategically at least two years' in advance.

- It was asked how the Strategic School Improvement fund would be used.

Klare explained that this funding had been allocated to the Council following a bidding process. It was a very specific fund that would be used for disadvantaged pupils around literacy.

- A question was asked in relation to out of borough placements, the cost of these and what was being done to reduce them.

Klare explained that work was being undertaken to work with schools to become more inclusive. There were three types of schools, those that don't want to deal with the issues, those that can do and will and those that want to but can't. The focus was on supporting schools to recognise behaviours and to know what to do about them. Work was being done to educate schools to a standard where all schools were fully inclusive. Funding was being moved from the end of the journey to the start to fund the work.

Klare also reported that she had been working with schools to reduce the number of children in the PRU. Schools couldn't place children in a PRU without consulting with Klare and 40 children had gone from the PRU back to mainstream school since the work had started.

**It was agreed:**

That Klare Rufo and Peter Lowe be thanked for their attendance at the Overview and Scrutiny Committee.

There were no members of the public in attendance at the meeting.

**OSC.144 CORPORATE FINANCIAL MONITORING REPORT - APRIL 2017 TO JUNE 2017**

Councillor Eamonn O'Brien, Cabinet Member for Finance and Housing presented the Corporate Financial Monitoring Report – April 2017 to June 2017. The report informs Members of the Council's financial position for the period April 2017 to June 2017 and projects the estimated outturn at the end of 2017/18.

The report also included Prudential Indicators in accordance with CIPFA's Prudential Code.

Set out in the report was a projected overspend of £3.651m which represents approximately 2.70% of the total net budget of £135.330m.

Due to the extremely difficult financial situation that the Council faced in 2016/17 the Senior Leadership Team agreed and drew up an action plan with some immediate additional spending controls over & above usual controls. These will continue in 2017/18.

These include:

- Recruitment freeze on staff and new agency placements (exceptions to be signed off by SLT);
- Release of all existing casual / agency staff (exceptions to be signed off by SLT);
- Cease overtime / additional hours (exceptions to be signed off by SLT);
- Enter into no new training commitments, and review existing arrangements (exceptions to be signed off by SLT);
- Re-launch Work Life Balance options around reduced hours / purchase of leave;
- Cease spend on discretionary budgets; stationery, office equipment etc;
- Cease spend on IT / Communications (exceptions to be signed off by SLT);
- Any spend greater than £250 to be signed off by Executive Director;
- Any new contractual commitments greater than £5,000 (lifetime value of contract) to be signed off by SLT;
- Consider "in year" budget options – e.g. previously unidentified efficiencies, review of non-key services.

These were communicated to staff in 2016/17 and compliance with these will continue to be monitored throughout the year. It is expected that these actions

will not only help to reduce the financial burden facing the Council within the current year but also for the coming years.

In addition to these measures, Executive Directors have been tasked with preparing “turnaround” plans as a matter of urgency for their Departments, to ensure that levels of expenditure are controlled and sustainable going forward.

Service specific monitoring was set out at section 4 of the report and highlighted demand pressures within the 3 directorates and what action was being taken in response to these.

Members were given the opportunity to ask questions and make comments and the following points were raised:-

- Councillor Hankey referred to the civic halls and the review that was being undertaken. He asked when the review would be completed as it seemed to have been going on for years.

It was explained that some services required ongoing reviews to ensure that they were fit for purpose.

- Council Hankey asked whether the 10 measures that had been put in place had had the desired impact.

Councillor O’Brien reported that the measures had helped to save £285,000 so the effects of the measures were being felt.

- Councillor Harris asked whether the Council were using agency staff to fill vacant posts.

It was explained that the Council had its own agency for admin staff and other work but would use specialist agency workers if required.

- Councillor Jamie Walker referred to the cost of children’s agency placements and the adolescent support centre and asked when an update would be available on this.

It was explained that there were separate accounts for Children’s Services but it could be that this was an individual case that had been court ordered to a specific location.

- Councillor Smith asked how realistic the savings forecasts were.

Councillor O’Brien stated that the Council had to realistic about the challenges it faced and this had to be the same for all departments. If targets were not going to be met this needed to be known as early as possible.

Councillor O’Brien also stated that the Council had to recognise that services still have to run. Different ways of working need to be explored and the Council will need to be more commercially minded.

**It was agreed:**



That the report be noted

#### **OSC.145 CORPORATE PERFORMANCE UPDATE REPORT**

Councillor Shori, Leader of the Council presented a report providing Members with an update on performance in line with Team Bury's Single Outcomes Framework.

It was explained that under each of the single framework outcomes are a series of indicators and performance measures. These collectively contribute towards the delivery of the respective outcome.

The report and appendices detailed a number of areas where performance has improved or is at a high level including; household recycling rates (up by 3.52% for the year); reablement service effectiveness; and increase in Council gym membership and; increase in social contact received by adult social care users.

The report also made reference to areas of performance that were less positive such as spikes to calls in Council Tax; pressures on the urgent care system and; recognition of Bury being significantly lower than the national average for top A level grades.

It was explained that where performance was declining or below target or another relevant comparator, work would take place to understand what was required to improve performance. This would be done by understanding the partners involved, the true reasons as to why the data was as it was and assess what would be required to improve performance.

It was also reported that work was being carried out within several areas of the Council in relation to refreshing strategies and performance arrangements. Future reports to the Overview and Scrutiny Committee will include enhanced details on the Life Chances Commission and Community Safety.

Those present were invited to ask questions or make comments and the following points were raised:

- Councillor Hankey explained that the lay-out of the report was easy to understand and asked whether comparisons could be built into future reports.

It was explained that this was currently being worked into future versions.

- Councillor Smith referred to the indicator relating to safeguarding concerns and that the number had increased. She asked which organisation was responsible.

It was explained that indicators quantify performance at a whole population level, so more reflect the state of the Borough. The Council has a role to play in contributing towards the indicators but it was explained that no one organisation was solely responsible for the achievement of the indicator.

- A question was raised with regards to the spike in the number of telephone calls made to Council Tax and what the reason for this was.

It was explained that there had been a number of changes in relation to council tax and these were set out within the report. It was also explained that there would be more specific information available once the full year figures were included.

**It was agreed:**

That the update be noted and that the team involved in producing the report be thanked for their input.

**OSC.146 IMPLEMENTATION OF NEIGHBOURHOOD ENGAGEMENT FRAMEWORK**

Councillor Tariq, Cabinet Member for Communities presented a report setting out the new Neighbourhood Engagement Framework which had been developed to enable behaviour change and build independence, shared decision making, democratic accountability and voice, genuine co-production and joint delivery of services.

The new framework offers a '3,2,1' approach to working with and investing in neighbourhoods at various levels across Bury through the following structures:

3. – Borough Wide Engagement

This will be available in the form of a digital engagement platform that will be aligned to Team Bury's existing digital offer.

2. – Township Level Engagement

At Township level, the framework will build upon the borough wide digital engagement offer through an Annual Neighbourhood Network meeting and Neighbourhood Celebration Awards ceremony in each of the six Township areas.

1. – Ward Level Engagement

At Ward level, the framework will build upon the borough wide digital engagement offer, Annual Neighbourhood Network meeting and Neighbourhood Celebration Awards ceremony in each of the six Township areas. It offers an annual or bi-annual Ward-level Neighbourhood Engagement Forum meeting which is linked to two ward level Participatory Budgeting events. Priorities for each ward will be decided and actioned via a series of Project/Action groups led and determined by people living in the local area but supported where required by the Neighbourhood Engagement Co-ordinator.

The new approach offers an alternative model which replaces the old Community Grants budget of £56k and previous allocation process with a combination of:

- Participatory Budgets (PB) to be invested at either Township or Ward level events
- Elected Member Discretionary Budgets (£250 per Councillor)
- Strengthened by an additional £450k of Transformation monies over three years (£50k year one, £200k year two, £200k year three)

It was explained that the new Neighbourhood Engagement Framework and Grant Investment Model were approved at CWB Wider Management Board, SLT, Labour Group, Cabinet, Scrutiny and full Council in April.

The draft operating principles which provide governance for the new structures and funding framework have been developed by the Neighbourhood Engagement Team and co-produced by the newly appointed Elected Member Engagement Leads.

A series of development workshops have taken place and planning has started on the next stages of implementation of the new framework.

Pre-paid cards will be utilised for both Participatory Budgets and Elected Member Discretionary Budgets with governance outlined within the Operating Principles.

It was explained that the framework will be monitored via a set of clearly defined key performance indicators and outcomes that align with the Team Bury Single Framework. An annual performance review will be undertaken at the end of each Municipal Year and a report produced at Annual Council and to Team Bury

Those present were given the opportunity to ask questions and make comments and the following points were raised:-

- It was asked what safeguards were in place and whether there would be any punishment for abuse of the system in relation to the Elected Member Discretionary Budgets.

It was stated that there would be a vigorous monitoring process in place which had been checked with Legal. Any suspicious spending would automatically be blocked. The cards would be blocked for things such as gambling, purchasing of cigarettes and alcohol.

It was also explained that the Neighbourhood Engagement Co-ordinator would be able to offer advice to any Elected Member regarding the use of the Member Budgets.

**It was agreed:**

That the contents of the report be noted.

**OSC.147 WORK PROGRAMME/FORWARD PLAN**

The Work Programme was presented to the Committee for information.

**COUNCILLOR R CASERTA**  
**Chair**

**(Note: The meeting started at 7.00 pm and ended at 8.40 pm)**

