

HARROW COUNCIL

CABINET

TUESDAY 16 DECEMBER

Proposed Schools Budget for 2004 / 2005

Reference from the Lifelong Learning Scrutiny Sub-Committee Meeting held on 11 December 2003

1. The Sub-Committee received the report of the Executive Director (People First) which Members of the Sub-Committee, along with Members of the Education Consultative Forum and the Schools Forum, had received a presentation on the evening before from the Education Financial Services Manager. The report outlined proposals for the Schools Budget 2004 / 2005, which the Authority is under an obligation to agree and notify to the Secretary of State by 31 December 2003.
2. A Member of the Sub-Committee commented that a handout of the presentation notes would have been useful. The Member also stated that the Education Financial Services Manager advised that aspects of the budget allocation were difficult to understand and the Member requested that they be drafted in more straightforward terms if this was the case. The Chair sympathised with both Members and officers in relation to the complexity of the education budget and requested that Members be sent a copy of the notes of the presentation for information.
3. Members discussed the following areas for concern in relation to the proposed Schools Budget for 2004 / 2005: -
 - (i) that although Harrow's Schools Budget for 2004 / 2005, consistent with passing on the increase in school funding, is £103,770,000.00 (an increase of £6,311,000.00 - 6%), Members agreed that this was still insufficient. A Member stated that the increase did not address the fact that Harrow has been under-funded for many years and Harrow's baseline has always been low, which suggests that Harrow is being penalised for having successful schools.
 - (ii) that Harrow's headteachers have advised that an increase of 8-9% is required to retain the status quo alone. The Sub-Committee agreed that it is important for Members of the Council to make strong representations to the Government and use political pressure to ensure that the Government and not Harrow's taxpayers support this deficit in finance.

- (iii) that the Government's indication that there will only be funding for one third of teachers moving on the upper pay spine to UPS 3. Members agreed that this was a cause for concern, as this will negatively impact on teacher recruitment and retention, particularly in high schools. A Member stated that this policy is at cross-purposes with delivering excellence in education.
- 4. Another Members of the Sub-Committee suggested that Members examine the financial burden on schools as a result of the remodelling of the school workforce, which forms part of the Government's Remodelling Agenda to meet the National Agreement on Teachers' Pay and Conditions. The Member referred the Sub-Committee to the Outturn Statement for 2002 / 2003, which highlighted ten schools that had £15,000,000 or less in their end of year balances and queried how they would cope with the remodelling.
- 5. Members requested information relating to the Outturn Statements for 2002 / 2003 and those projected for 2003 / 2004. Members were advised that the current detail of projected balances for 2003 / 2004 would not be available except in cases where schools had provided information as part of detailed work with the Education Finance Service. The Chair also requested that Members be provided with information on schools' identified use of their 2002 / 2003 balances committed for specific projects: how many of these there were and how the proposed budget would influence the outcome of these projects (i.e. which projects would not now be completed).
- 6. The Sub-Committee agreed that Cabinet be requested to consider how schools that experienced financial difficulty, as a result of this budget, would be supported in terms of officer / adviser assistance to manage their budgetary position. Members agreed that it was important for the Authority to have support mechanisms in place before these schools were in real financial difficulty.
- 7. Members further discussed the four main cost pressures on the Schools Budget that were not included within the Medium Term Revenue Budget Strategy (Appendix 1 of the report). The Sub-Committee agreed that Cabinet be requested to respond as to how each of the cost pressures would be met by the £2,900,000.00 available, particularly the UPS 3 cost pressure.
- 8. Members discussed the three methods of support for schools in financial difficulty outlined in the report from the Department for Education and Skills guidance (DfES) "Supporting Schools in Financial Difficulty" and noted that one option was not available to the Authority and that the other two options were not satisfactory. A Member of the Sub-Committee stated that withdrawing funds from schools that had been managing their budgets well to give to schools with low cash reserves was not an appropriate remedy. Neither was asking for next year's budget early, as it would only intensify problems in relation to

next year's budgetary provision. The Sub-Committee agreed that it was important to emphasise to Cabinet the inherent dangers in these methods of support.

9. The Sub-Committee **Resolved to RECOMMEND** that Cabinet be
- (1) requested to respond as to how each of the cost pressures outlined in the report would be met by the £2,900,000.00 available, particularly the UPS 3 cost pressure;
 - (2) requested to consider how schools that experienced financial difficulty, as a result of this budget, would be supported in terms of officer / adviser assistance to manage their budgetary position;
 - (3) made aware of the inherent dangers within the methods of support outlined in the DfES guidance document "Supporting Schools in Financial Difficulty".

FOR CONSIDERATION

Background Papers

- Minutes of the Special meeting of the Lifelong Learning Scrutiny Sub-Committee held on 11 December 2003.
- Report of the Executive Director (People First) - Proposed Schools Budget for 2004 / 2005.

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