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SCHOOLS' FORUM

Day: Tuesday
Date: 26 June 2018
Time: 10.00 am
Place: Discovery Academy, Porlock Avenue, Hyde

From: Democratic Services Unit – any further information may be obtained from the reporting officer or from Carolyn Eaton, Senior Democratic Services Officer, 0161 342 3050 or carolyn.eaton@tameside.gov.uk, to whom any apologies for absence should be notified.

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SCHOOLS FORUM

13 February 2018

Commenced:	**10.00am**	**Terminated: 11.50am**
Present:	**Karen Burns (Chair)**	**Primary Schools – Academies**
	Steve Marsland	**Primary Schools – L/A Maintained**
	Bev Allford	**Primary Schools – L/A Maintained**
	Susan Marsh	**Governor, Primary Schools – L/A Maintained**
	Anthony McDermott	**Governor, Primary Schools – L/A Maintained**
	Richard O'Regan	**Secondary Schools – L/A Maintained**
	Elizabeth Jones	**Governor, Secondary Schools – L/A Maintained**
	Brendan Hesketh	**Secondary Schools - Academies**
	Simon Wright	**Primary Schools - Academies**
	Robin Elms	**Special Schools – L/A Maintained**
	Elaine Horridge	**Diocesan Representative**
	Scott Lees (for Alison Hampson	**NAHT**
	Councillor J Fitzpatrick	**Executive Member – Children's Services**
	Bob Berry	**Assistant Director, Learning**
	Christine Mullins	**Finance Business Partner**
	Louisa Siddall	**Senior Accountant**
Apologies for absence:		
	Lisa Gallagher	**Primary Schools – L/A Maintained**
	Alison Hampson	**TCC**
	Pam Hirst	**Governor, Primary Schools – L/A Maintained**
	Anton McGrath	**14-19 Sector**
	Jeffrey Mellor	**Governor, Special Schools – L/A Maintained**
	Councillor L Travis	**Executive Member – Life Long Learning**

9. CHAIR'S OPENING REMARKS

The Chair welcomed everyone to the meeting, in particular Simon Wright, to his first meeting of the Forum.

The Assistant Director, Learning, informed Forum Members that Pam Hirst, L/A Maintained Primary School Governor representative, was currently very poorly and residing in a nursing home. The Chair, Members and Officers extended their very best wishes to Pam.

10. MINUTES

The Minutes of the meeting of the Forum held on 28 November 2017, having been circulated, were approved as a correct record.

In respect of Minute 7, Dedicated Schools Grant National Funding Formula, it was stated that finalised figures would be sent to schools before the Christmas break, and Forum members highlighted that this had not taken place.

11. DEDICATED SCHOOLS GRANT FUNDING FORMULA 2018/19

Consideration was given to a report of the Director of Finance, providing an update on the Dedicated Schools Grant funding formula proposals for 2018/19.

It was explained that the Department for Education (DfE) carried out consultation in 2016/17 in relation to proposals surrounding National Funding Formula to allocate the Dedicated Schools Grant (DSG). Further to this consultation, the DSG now comprised of four blocks:

- A Schools block;
- A High Needs block'
- A new Central School Services Block (CSSB); and
- An Early Years block.

Each of the four blocks was determined by a separate national funding formula. National funding formula would determine the schools, high needs and central services block for the first time in 2018/19. Funding for early years had already been allocated through national funding formula since 2017/18.

A summary was provided of the DSG allocations from the DfE/ESFA and how they had been used in Tameside in 2017/18 and the estimated use in 2018/19.

The report further provided details of the proposed funding formula for Mainstream Schools in Tameside in 2018/19.

Details were also given of de-delegation in relation to Schools Forum representatives of Council Maintained Schools voting on whether to support mandatory charging to all other Council Maintained Schools of certain Council services. The primary and secondary sectors vote separately in relation to each of the services. The de-delegation rates in 2018/19 were detailed in the report for:

- Behaviour for Learning and Inclusion Service (BLIS);
- Equality, Multiculturalism and Access Team (EMAT);
- Staff Cover for Trade Union Support; and
- Schools contingency

It was further reported that, in previous financial years, Schools agreed to repay an element of their overall DSG funding to the Council to enable it to continue to contribute approximately £90,000 of DSG towards the cost of the LSCB (Local Safeguarding Children Board). Schools would be asked to continue this arrangement in 2018/19.

Details were also given of proposed funding formula for Pre and Post 16 High Needs.

Information was also provided in respect of the Central School Services Block (CSSB). It was explained that the block was being introduced in 2018/19 to fund local authorities for the statutory duties they held for both maintained schools and academies. The CSSB brought together:

- Funding previously allocated through the retained duties element of the Education Services Grant (ESG);
- Funding for ongoing central function such as admission which were previously top sliced from the schools block; and
- Residual funding for historic commitment of which there were none for Tameside MBC.

The DSG operational guidance for 2018/19 required the Council to formally request Schools Forum approval for the central retention of the following:

- £229,030 of DSG to support the School Admissions service (this had been uplifted to reflect the actual cost of the Admissions Service; the uplift would be funded through a reduction in the central funding to support the former retained duties element of ESG);
- £5,000 of DSG to support the costs of the Schools Forum; and

- £499,160 of DSG to support the costs of the Schools' Forum.

RESOLVED
(i) That the content of the report be noted.
(ii) That the proposed Dedicated Schools Grant 2018/19 proposed funding formula for mainstream schools, be approved
(iii) That the Primary Maintained School Members agree to de-delegate the costs of the following services in financial year 2018/19:
  - **Staff cover for Trade Union Support.**

(iv) That the Secondary Maintained School Members agree to de-delegate the costs of the following services in financial year 2018/19:
  - **Staff cover for Trade Union Support.**

(v) That the following be approved in principle:
  (a) The retention of £229,030 of DSG in 2018/19 to support the School Admissions Service (this has been uplifted to reflect the actual cost of the Admissions Service; the uplift would be funded through a reduction in the central funding to support the former retained duties element of ESG);
  (b) The retention of £5,000 of DSG in 2018/19 to support the cost of the Schools' Forum; and
  (c) The retention of £499,160 of DSG in 2018/19 to support elements of the Councils Centrally retained duties (formally the retained duties element of the DSG).

12. DEDICATED SCHOOLS GRANT EARLY YEARS FUNDING UPDATE 2018/19

The Director of Finance submitted a report giving updated information on the Early Years funding allocations proposals for 2018/19.

It was explained that the funding for placements for 2, 3 and 4 year olds attending both School and Private/Voluntary/Independent Nursery provision was provided through the Dedicated Schools Grant (DSG). A national funding formula for Early Years was implemented in 2017/18 and the elements of funding made available through the Early Years block of the DSG were detailed.

Further details of each element of Early Years funding through the DSG were detailed in the report and a summary of the DFE estimate of the funding changes between 2017/18 and 2018/19 was given.

Forum members were informed that a copy of the report was issued as a consultation document to Schools with Nursery Units and Private, voluntary and Independent Nursery providers, with a deadline of return by 12 February 2018. Members were further advised that there had been no responses to the consultation, and on that basis, it was assumed that people were happy with this.

RESOLVED
(i) That the content of the report be noted; and
(ii) That the centrally retained funding allocations, as detailed in the report, be approved.

13. SCHOOLS FORUM EXPENSES PROCEDURE

The Director of Finance submitted a report, giving details of the procedure for representatives attending Schools' Forum in a voluntary capacity to be able to claim out of pocket expenses.

It was explained that a small annual budget was made available from the Central Support block of the Dedicated Schools Grant. The budget for 2017/18 was £1,000 which was subject to annual review and specific agreement of Schools Forum. This was approved alongside the annual schools funding report.

It was further explained that the procedure outlined the type of expenses that could be claimed and that travel rates payable would be paid in line with Tameside Council rates for car mileage and wold be updated in line with changes to them.

RESOLVED
(i) That the content of the report be noted; and
(ii) That any requests for accessing the procedure be made to clerk in advance.

14. SCHOOLS MEALS SERVICE FOR PRIMARY SCHOOLS – PROPOSED CONSULTATION

The Director of Finance submitted a report, which explained that the current financial arrangements for the schools meals service had not been reviewed for some time and had become disjointed and haphazard. Improvements that could be made to the arrangements had been identified and it was planned to consult schools about these.

The proposed changes to be consulted upon were outlined in the report, including the collection of income.

It was explained that, if Members agreed to consult schools then this would start in January 2018 and would run for four weeks. Feedback from the consultation would be reported back to Tameside Board members and would be taken into account as part of the final decision report.

It was concluded that the transfer of the responsibility of school meals income to schools would support effective use of resources for both the Council and the schools in the collection of income.

The procurement and roll out of a cashless system in primary schools would provide parents with an easier method of payment of the meals and manage payments to schools more succinctly.

A further report would be presented to Members about any recommended changes in the light of feedback to the consultation.

Discussion ensued with regard to the commissioning of school meals in general and the confusion around this, particularly with regard to the Carillion contract.

Christine Mullins, Finance Business Partner, agreed to seek further information in respect of the Carillion contract and circulate to Forum Members.

RESOLVED
(i) That the content of the report be noted; and
(ii) It be recommended that, subject to the outcome of the consultation, Forum Members support the implementation of cashless payment systems in schools.

15. SCHOOLS USE OF BALANCES

Consideration was given to a report of the Director of Finance, providing an update on school use of excess balances at 31 March 2017.

It was reported that the final level of school balances as at 31 March 2017 was £4.624 million. Those schools with excess balances held balances totalling £3.333 million of which £1.740 million represented balances in excess of the permitted levels; 8% for Primary Schools and Special Schools and 5% for Secondary Schools. The £4.624 million was net of deficit balances in some schools, therefore, balances were providing funding for in deficit schools without which, the Local Authority would not have had funding to do this.

There were 32 primary schools with combined excess surplus balances of £1.615 million, 1 secondary school with an excess balance of £0.114 million and a special school of £0.011 million.

Members were informed that officers had carried out research in respect of the approach to clawback across Local Authorities in the North West of England and the results of those Local Authorities who provided a response, were detailed in the report.

The future approach with relation to schools excess balances, was detailed as follows:

- The Schools Finance team use the recently introduced budget monitoring reporting as an additional tool, to support schools in year to plan spend and manage excess balances to more appropriate levels;
- Look to establish specific reasons or criteria that balances could be held for. A return to be submitted to Schools Finance Team that had been approved by Governors, which outlined the planned spend with timescales for the plan;
- It was suggested to cap the time period for which all balances could be held for at 3 years, unless there were exceptional reasons for doing so;
- Schools Forum move away from clawback of budgets in the maintained sector, on the proviso that schools work with the Schools Finance Team to ensure robust approved spending plans were in place to utilise said balances, which will continue to be reported to Forum;
- However, Schools Forum retain the right to clawback budgets in exceptional circumstances, which were suggested to be instances where excess balances did not have robust agreed spending plans and the school did not engage effectively with the Schools Finance Team, or hold the balances for more than 3 years; and
- An annual report would continue to come to Forum for decision, but earlier reports would be brought to Forum of any instances where clawback may need to be considered to keep Forum fully informed.

Details of the planned expenditure identified by schools for the October 2017 Forum report, and an update of how those plans were progressing, was appended to the report.

A comprehensive overview of the delays and issues that Fairfield Primary School faced with regard to the building works the balances had been identified for, was also appended to the report.

Forum members were informed that there were currently 8 schools that had not provided an update to spending plans. The Schools team would continue to work with these schools to understand the spending position.

From December 2017, there was a requirement for schools to provide the Authority with regular budget monitoring updates. The exercise had provided useful and schools in general were engaged with the process.

RESOLVED

(i) That the content of the report be noted;

(ii) That Schools Forum look to retain the clawback criteria applied to mainstream schools but relax the application of it, on the following provisions; and

- **Schools provide governor approved plans to the Local Authority, on agreed criteria;**
- **Balances were not held in excess of 3 years.**

(iii) That the update of spend on balances identified by schools at the October 2017 position, be noted.

16. DATE OF NEXT MEETING

RESOLVED
To note the date of the next meeting of the Schools Forum as Tuesday 26 June 2018 at 10.00am, Discovery Academy, Porlock Avenue, Hyde.

Report To:	**SCHOOLS FORUM**
Date:	26 June 2018
Reporting Officer:	Kathy Roe – Director of Finance.
Subject:	**DEDICATED SCHOOLS GRANT OUTTURN POSITION FOR 2017/18 AND BUDGET UPDATE FOR 2018/19**
Report Summary:	A report on the Dedicated Schools Grant outturn position for the financial year 2017/18 and an update of the budget position for the 2018/19 financial year.
Recommendations:	1. Members of the Schools Forum are requested to note the contents of the report. 2. Primary School members are required to vote on the proposal to allocate back to schools the unspent 2017/18 funding totalling £0.089m pro rata to the original contribution made by each School for the Contingency budget. 3. Primary & Secondary School members are required to vote on the proposal to allocate back to schools the unspent 2017/18 funding totalling £0.008m pro rata to the original contribution made by each School for the Trade Union Support service.
Links to Community Strategy:	Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.
Policy Implications:	In line with financial and policy framework.
Financial Implications: **(Authorised by the section 151 officer)**	The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
Legal Implications: **(Authorised by the Borough Solicitor)**	There is a statutory duty to use resources efficiently and effectively against priorities.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.
ACCESS TO INFORMATION	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers	The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and

Pensions by :

Telephone:0161 342 3216

e-mail: christine.mullins@tameside.gov.uk

1. INTRODUCTION

1.1 This report is presented to advise School Forum of the outturn position for the overall Dedicated Schools Grant (DSG) for 2017/18, provide an update on the DSG budget for 2018/19 and update on key developments which will impact on DSG in 2018/19 and future years. The report sets out:

- The final outturn for the DSG for 2017/18 (Section 2)
- The DSG note within the Tameside MBC statutory accounts (Section 3)
- A budget update for the DSG for 2018/19 (Section 4)
- A high needs funding update for 2018/19 (Section 5)
- Known pressures and commitments for 2018/19 and beyond (Section 6)
- Key updates to funding (Section 7)

2. DEDICATED SCHOOLS GRANT FINAL OUTTURN FOR 2017/18

2.1 The opening position in 2017/18 of DSG (held in reserve) was a £4.024m surplus. An in year deficit of £0.143m resulted in a cumulative position of a £3.881m surplus. The in year deficit relates to a combination of previously agreed commitments and some surpluses / deficits in year. The known commitments for 2017/18 are:

- the retrospective gains cap of £0.308m;
- diseconomies funding of £0.172m and;
- the provision for the early years adjustment relating to 2016/17 of £0.228m.

2.2 The breakdown of the £0.143m deficit and the balance of the DSG reserve is shown in table 1 below.

TABLE 1

DSG Funding Blocks	Final DSG Allocation 2017/18 £000s	Final Distribution / Spend 2017/18 £000s	Variation (Surplus) / Deficit £000s
DSG Reserve Brought Forward from 2016/17			**(4,024)**
Schools Block	153,486	153,736	250
Centrally Retained Services (former Education Services Grant)	545	545	0
High Needs Block (Pre/Post 16)	19,035	19,413	378
Early Years Block	13,958	13,661	(297)
Early Years Block - 2016/17 Reserve Adjustment		228	228
Retrospective Gains Cap	0	308	308
Trade Unions De-delegated (plus income from Academies)	205	197	(8)
Contingency De-delegated	90	1	(89)
Retrospective Business Rate Refunds	0	(611)	(611)
Interest Received on Reserve	0	(16)	(16)
In year balance	**187,318**	**187,461**	**143**
DSG Reserve as at the end of 2017/18			**(3,881)**

2.3 The deficit of £0.250m on the schools block relates to diseconomies funding of £0.222m for Discovery Academy, growth funding of £0.162m, partly offset by in year business rates refunds and other minor surpluses of (£0.134m).

2.4 The centrally retained services allocation of £0.545m was fully spent. This supported costs for the Director of Children's Services, planning for schools, asset management, Education Welfare and statutory functions carried out by finance and internal audit.

2.5 The deficit on the high needs block of £0.378m mainly relates to the increase in the number of Education Health Care Plans issued leading to an increase in funding required in special and maintained schools, along with increased costs in pre 16 independent, non-maintained special schools settings and out of borough education placements. This was partly offset by a surplus on the post 16 placement costs and small surplus on the central SEN Support Services.

2.6 The surplus on the early years block of (£0.297m) is not the final position as an adjustment will be made in June 2018 for the 2017/18 early years grant allocation. It is anticipated this amount will be recouped. The breakdown of the estimated outturn position is included in table 2 below. An update on this position will be reported to Schools Forum in October 2018.

TABLE 2

Early Years Funding Block	Allocation 2017/18 at March 2018 £000s	Final Distribution / Spend 2017/18 £000s	Estimated Outturn (Surplus) / Deficit £000s
Early Years for 3 and 4 Year Olds	8,588	8,356	(233)
Early Years for 3 and 4 Year Olds Extended Entitlement	1,511	1,872	362
Early Years for 2 Year Olds	3,007	2,898	(108)
Early Years Pupil Premium	123	134	10
Early Years Disability Access Fund	49	18	(31)
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	234	188	(46)
Early Years Centrally Retained Expenditure (2 Year Olds)	57	57	0
Early Years Contingency Fund (3 & 4 Year Olds)	239	83	(155)
Early Years Contingency Fund (2 Year Olds)	0	0	0
SEN Inclusion Fund	150	54	(96)
Total	**13,958**	**13,661**	**(297)**

2.7 As stated in 2.6 above, the DfE retrospectively adjust for the final early years grant allocation. The amount of £0.228m (table 1) was the adjustment made in relation to the final 2016/17 early years grant allocation.

2.8 The retrospective gains cap of £0.308m was funding which should have been allocated in 2016/17 for those schools subject to a gains cap. This was brought forward through the DSG reserve into 2017/18 and then allocated to schools in 2017/18.

2.9 The Contingency and Trade Union Support Services have a collective unspent budget total of £0.097m at year end. Schools Forum must determine how the unspent budget against each of these de-delegated budget areas is used in the next financial year. The recommendations to allocate the unspent funding back to schools are included on the front of this report. The Schools Forum vote on the Contingency unspent budget will need to be taken only by the primary sector as they de-delegated these service costs. The Trade Union Support Service covers both sectors.

2.10 A number of revaluations in relation to business rates have been undertaken. This has resulted in retrospective business rates refunds of (£0.611m) in 2017/18. There was also interest received on the DSG reserve of (£0.016m). These items have therefore significantly reduced the in year deficit.

3. DEDICATED SCHOOLS GRANT NOTE TO THE ACCOUNTS

3.1 The 2017/18 Council Statutory accounts were completed on 30 May 2018 and submitted for external audit. An extract from this are included below for Forum to note. The extract discloses details of the 2017/18 DSG and its cumulative surplus of £3.881m.

3.2 "The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education. The DSG is ring fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance (England) Regulations 2017. Detail of the deployment of the DSG received is as follows:"

TABLE 3

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2017/18 before Academy recoupment			187,318
Academy figure recouped for 2017/18			(60,181)
Total DSG after Academy recoupment			**127,137**
Brought forward from 2016/17			4,024
Less: Carry forward to 2018/19 agreed in advance			3,545
Agreed budget distribution for 2017/18	**15,958**	**111,659**	**127,617**
In year adjustments	(220)	0	(220)
Final budget distribution for 2017/18	**15,738**	**111,659**	**127,397**
Actual central expenditure	14,781		14,781
Actual ISB deployed to schools		112,280	112,280
Carry forward to 2018/19	**957**	**(621)**	**3,881**

4. DSG BUDGET SUMMARY UPDATE FOR 2018/19

4.1 The current DSG settlement for 2018/19 and projected use of the grant is included in table 4 for Forum to note;.

TABLE 4

DSG Funding Blocks	Current DSG Settlement 2018/19 £000s	Projected Distribution / Spend 2018/19 £000s	Variation (Surplus) / Deficit £000
Schools Block	158,764	158,960	195
Central School Services Block	897	897	0
High Needs Block (Pre/Post 16)	19,396	20,396	1,000
Early Years Block	15,717	15,717	0
Trade Unions De-delegated (plus income from Academies)	254	254	0
Total	**195,028**	**196,223**	**1,195**

4.2 The projected deficit on the schools block relates to diseconomies funding of £0.153m (this will be funded from the reserve as previously agreed) and £0.056m of business rates adjustments due to the actual charges being higher than estimated. This is partly offset by a small surplus on growth funding of £0.013m. The growth fund total is £0.671m and £0.657m has been allocated to schools.

4.3 The central school services block (CSSB) allocation includes the funding for the Admissions Service, Schools Forum and Licences as well as the centrally retained services (former supported by the Education Services Grant). As stated in 2.4 the centrally retained service element supported costs for: the Director of Children's Services; Planning for Schools; Asset Management; Education Welfare and statutory functions carried out by Finance and Internal Audit in 2017/18. The allocation of the funding for this block is currently under review and an update will be provided to Schools Forum in October 2018.

4.4 The projected deficit on the high needs block is £1.000m. Due to the significant variation a detailed update is included in Section 5 of this report.

4.5 The analysis for the anticipated allocation / distribution of the early years block is included in table 5 below. The table reflects updated projections for the allocation of the early years block compared with the estimated allocation included in the Schools Forum report in February 2018.

TABLE 5

Early Years Funding Block	Allocation 2018/19 at February 2018 £000s	Projected Allocation 2018/19 at May 2018 £000s	Variation £000s Variation (Surplus) / Deficit £000
Early Years for 3 and 4 Year Olds	8,982	8,649	(332)
Early Years for 3 and 4 Year Olds Extended Entitlement	2,817	3,359	542
Early Years for 2 Year Olds	3,006	2,870	(136)
Early Years Pupil Premium	123	123	0
Early Years Disability Access Fund	51	51	0
Early Years Centrally Retained Expenditure (3 & 4 Year Olds)	271	271	0

Early Years Centrally Retained Expenditure (2 Year Olds)	58	58	0
Early Years Contingency Fund (3 & 4 Year Olds)	258	48	(209)
Early Years Contingency Fund (2 Year Olds)	0	136	136
SEN Inclusion Fund	254	150	0
Total	**15,717**	**15,717**	**0**

4.6 The trade unions allocation of £0.254m (table 4) currently assumes de-delegation of £0.150m, as agreed at Schools Forum in February 2018, plus income from academies of £0.104m.

5. HIGH NEEDS FUNDING UPDATE FOR 2018/19

5.1 High Needs Funding covers the education of high needs pupils from age 0-25 in a range of provisions including special schools, mainstream schools, alternative provision and independent specialist provision.

5.2 The High Needs Block is allocated for the first time in 2018/19 on a National Funding Formula. The following factors are included:

- Basic Entitlement – pupil numbers
- Historic Spend Factor – 50%
- Proxy Factors – Population; Disability Living Allowance; Children in Bad Health; Low Attainment KS2 & KS4; Free School Meals (FSM) and Income Deprivation Affecting Children Index (IDACI)
- Hospital Education Factor
- Funding Floor Factor
- Import/Export Adjustments

5.3 The current DSG Settlement for 2018/19 is £19.396m. This included an increase in funding of £0.583m (3.4%). The increase is based on historic spend and the proxy factors. There will be a further increase in 2019/20 of £0.540m (2.8%). Table 6 below, sets out the current planned spend against the settlement.

TABLE 6

High Needs Block 2018/19	Expenditure/ (Income) £000
DSG Settlement 2018/19 (at April 2018)*	**19,396**
Special Schools & Pupil Referral Unit	11,989
Resourced Provision	342
EHCP's in Mainstream	1,611
SEN Support Services (Council Run Services)	1,876
Independent, Non Maintained Special Schools (NMSS) & Out of Borough Placements	1,551
Post 16	3,178
Hospital Education Placements	119
Less Income from Out Of Borough Placements	(270)
Budget Requirement	**20,396**
Projected Deficit at end of 2018/19	**1,000**

* The Final settlement will be announced July 2018 which will include an adjustment for import/exports of high needs pupils across Local Authorities.

5.4 The current pressure is mainly due to:

- the increasing high needs population such as special school places and resourced provision
- a significant increase in the number of EHCP's issued in 2017/18 compared to 2016/17 and anticipated further increases in 2018/19 requiring top up funding in mainstream schools.
- increases in the number of Post 16 placements requiring top up funding

5.5 The Local Authority will be working towards a review of high needs funding and provision in light of:

- the recent report commissioned 'Review of Special Educational Needs and Disability Provision',
- a request from special school head teachers
- the pressure on the High Needs Block
- a review of funding arrangements for the Tameside Pupil Referral Service (TPRS)

5.6 In special schools, places have been agreed for September 2018 (table 7 below) but we are already seeing growth beyond these numbers. There are some small pockets of empty/earmarked places over the summer term but we are expecting numbers to increase beyond the numbers agreed for September and although an element of growth has been built into the above figures we may see increases beyond the growth included. This will be monitored carefully throughout the year and work will start on projecting the budget for 2019/20 shortly.

The current places commissioned at April 2018 and September 2018 are shown in table 7 below.

TABLE 7

Commissioned Places in Special Schools	PAN	Apr-18	Sep-18	Total
Cromwell High School	70	75	70	72.08
Hawthorns Community School	66	85	85	85.00
Oakdale School	110	115	115	115.00
Samuel Laycock School	130	130	130	130.00
Thomas Ashton School	56	56	56	56.00
TPRS - EHCP's	21	21	21	21.00
TPRS - NON EHCP's	85	85	85	85.00
Total Places	**538**	**567**	**562**	**564.08**

5.7 There are similar pressures on places in some of the resourced units, which are currently operating at maximum or over capacity. However, there are some units that do need further review as these are running with empty places. Details of current places commissioned are included in table 8 below.

TABLE 8

Commissioned Places in Resourced Units	PAN	Apr-18	Sep-18	Total
Oakfield Academy	8	10	10	10.00
The Heys Primary	8	1	0	0.42
Russell Scott Primary	8	8	8	2.00

Linden Road Primary Academy (HI Unit)	8	8	8	8.00
St John Fisher Primary (Autistic CLASS)	12	12	12	12.00
Hyde Community College	17	17	17	17.00
St Thomas More RC College	15	15	15	15.00
Total Places	**76**	**71**	**70**	**70.42**

5.8 The review of the resourced provision is currently ongoing into whether a new provision will be established elsewhere within the borough.

5.9 Oakfield, The Heys, Russell Scott and Linden Road operate resourced units with place funding and top ups allocated directly to them and are included in the Resourced Provision cost in 5.3 above.

5.10 St John Fisher, Hyde Community College and St Thomas More RC College resourced units are a council managed service and costs are included in SEN Support Services (council run services) costs in 5.3. The place numbers included in table 8 for these schools are notional due to the Council operating/managing these units.

5.11 We are planning to take forward a number of actions particularly in light of the significant pressure on the High Needs Budget highlighted in 5.3. This will include both projecting the 2019/20 budget and the actions listed in 5.5.

6. KNOWN PRESSURES AND COMMITMENTS FOR 2018/19 AND BEYOND

6.1 The known commitments and projected pressures on the DSG are included in table 9 below. However, as discussed throughout this report further work is being undertaken in a number of areas. Therefore, further pressures could be identified which result in a further reduction in the DSG reserve.

TABLE 9

Reserve Projected Movements	Movement In Reserve (Increase)/ Decrease £000s
DSG Reserve Brought Forward from 2017/18	**(3,881)**
Current Reserve Commitments from Schools Block 2018/19	
Diseconomies Funding 2018/19	153
Projected in year deficit on business rates	56
Projected in year surplus on growth fund	(13)
Schools Block 2018/19 - Subtotal	**195**
High Needs Block 2018/19 - Projected in year deficit	**1,000**
Early Years Block - 2017/18 Estimated Reserve Adjustment	**297**
Schools Block 2019/20 - Diseconomies Funding	**59**
DSG Reserve Balance After Known Commitments	**(2,330)**

7. KEY UPDATES TO FUNDING

7.1 As part of the DfE continuing work on the national funding formula (NFF) for schools, they are developing a formula to allocate growth funding to enable Local Authorities to respond to significant in year pupil growth. For 2018/19 the growth factor has been allocated to Tameside on the basis of what Tameside planned to spend on its growth from its 2017/18 DSG, because it assumes future growth will follow the same pattern as historic growth. The allocation for Tameside was £0.326m. However, the required growth funding amount for 2018/19 is £0.657m due to the increase in pupil numbers coming through from the primary sector into the secondary sector.

7.2 The DfE is considering options for funding growth in 2019/20 and beyond. Therefore at this stage we do not know how much funding will be received after 2018/19. The implications of this are that any reduction in funding would mean that there would either have to be:

- a reduction in the amount allocated through growth to match the resources available, or;
- a reduction in the schools block formula allocations for all schools (reflecting that we are still in a soft formula) to enable funds to be moved into the growth pot to match the resources required.

7.3 The DfE have invited officers from each Local Authority to attend an information session on the 2019/20 Schools NFF. The session took place on 18 June. This report was completed prior to this event taking place and therefore updates for 2019/20 and beyond will be reported at Schools Forum in October 2018.

8. RECOMMENDATIONS

8.1 As stated on the report cover.

Report To:	**SCHOOLS FORUM**
Date:	26 June 2018
Reporting Officer:	Kathy Roe –Director of Finance
Subject:	**ACTUAL SCHOOL BALANCES 2017-18 & BALANCE MECHANISM SCHEME 2018-19**
Report Summary:	Update members of Schools Forum on the actual school balances at the end of 2017-18 and the Balance Mechanism Scheme for 2018-19
Recommendations:	Members of the Schools Forum are recommended to 1) Note the actual school balances for 2017/18. 2) Note within the Balance Mechanism Scheme 2018/19 • The introduction of the 4 specified reasons for holding balances • The new template for schools to complete
Links to Community Strategy:	Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.
Policy Implications:	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement.
Financial Implications: **(Authorised by the Section 151 Officer)**	Schools with a projected excessive revenue surplus balance (greater than 8% of in year delegated funding for primary and special schools and greater than 5% of in year delegated funding for secondary schools) are required to have an agreed plan of commitments in place with the Council for the excessive balance. Schools Forum has the right to clawback excess balances under the Scheme of Finance for Schools. If this is invoked the clawback would be redistributed across all schools including the Academy Sector.
Legal Implications: **(Authorised by the Borough Solicitor)**	There is a statutory duty to use resources efficiently and effectively against priorities.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved.

ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Access To Information:	The background papers relating to this report can be inspected by contacting Christine Mullins, Financial Management: Telephone:0161 342 3216 e-mail: christine.mullins@tameside.gov.uk

1. BACKGROUND AND INTRODUCTION

1.1 All schools via their governing body have delegated powers and responsibilities to manage and deploy their financial resources in accordance with agreed aims and objectives to achieve the best outcomes for pupils.

1.2 Details of the final school balances for 2017-18 and a comparison to 2016-17 is included below at section 2.

1.3 Maintained schools are permitted to carry forward any year surplus/deficit recorded at 31 March to the following year as long as they conform to the rules of the Balance Mechanism Scheme.

1.4 Following the 'Use of School Balances' report presented to Schools Forum in February 2018, a number of further controls relating to the scheme have been introduced in 2018/19 and these are discussed below at section 3.

2. TAMESIDE SCHOOLS FINAL POSITION 2017-18

2.1 The table below summarises school balances for the financial year 2017-18 by sector and the change from 2016-17

Sector	2016-17	2017-18	Movement	%
Primary	£6,174,176	£7,353,202	£1,179,026	19.10%
Secondary	(£2,256,577)	(£3,364,149)	(£1,107,572)	49.08%
Special	£176,106	£215,718	£39,612	22.49%
Total Schools	**£4,093,706**	**£4,204,770**	**£111,065**	**2.71%**

2.2 The table identifies that overall school balances have increased by £0.111m or 2.71% from 2016.17.

2.3 In the primary sector **surplus** balances increased by £1.179m or 19.10% whilst the **deficit** in the secondary sector increased by £1.108m or 49.08%. There was a small change overall in the special sector.

2.4 In 2017-18, 3 primary schools and 2 secondary schools converted to academy.

2.5 There were 10 schools that closed the financial year 2017/18 carrying forward a deficit. This included 3 primary schools with deficits totaling £0.002m; 5 secondary schools with deficits total £3.753m and 2 special schools with deficits totaling £0.238m.

2.6 The LA is acutely aware of the financial pressures facing some schools particular with increasing pay awards and superannuation costs and will be available to support schools in this position.

2.7 Schools will be required to have a Deficit Recovery Plan in place, approved by Governors in the following situations:

1. Where school are carrying a deficit out turn balance forward from 2017/18
2. Where the school has a forecast deficit out turn at the end of the 2018/19

2.8 School can only set a deficit budget where it is licenced to do so by the Section 151 Officer in the council. The Schools Finance Team will need to work with and review schools plans and as always, will be available to provide additional support if required to discuss and review what actions can be taken to manage the deficit in future years.

3. BALANCE MECHANISM SCHEME 2018-19

3.1 Following the report submitted to Schools Forum in February 2018 and as agreed with Schools Forum the LA has been working to review the Balance Control Mechanism for balances and a number of changes have been incorporated to monitor schools balances in 2018-19.

3.2 The approach this year will move from a backward looking review, of looking back to see what the school should have spent against the 2017/18 funding, to a forward looking approach. The school will need to identify how they will utilise their projected surplus balance at the end of 2018/19 (after taking into account their planned spend into 2018/19 against their 2018/19 DSG funding including any balances brought forward from 2017/18).

3.3 Schools will still have to gain governor approval to hold balances above permitted levels. For 2018/19, the approach will be to look at the year end balances the school has control over in the current financial year i.e. we will be asking schools to submit plans for their 2018/19 Year End balance (or contingency) so this will include the 2017/18 balance brought forward along with the current in year surplus/deficit for 2018/19.

The permitted levels remain the same and are listed below:

- Primary and special schools can carry forward up to 8% of the 2018/19 school funding allocation as general balances – these are referred to as PERMITTED balances
- Anything over 8% in primary and special schools will be classed as a SURPLUS balance and can only be held for one of the four ‘allowable purposes’ specified below
- In the same way secondary schools can carry forward up to 5% of the 2018/19 School Funding Allocation and these are referred as PERMITTED balances.
- Anything above 5% in secondary schools will be classed as a SURPLUS Balance.
- The 2018/19 school funding allocation used to calculate the % Surplus balance will include the Schools Block Funding; High needs Block; Early Years Block; Growth Funding; allocations.

3.4 For 2018/19 see the introduction of 4 reasons on which Surplus Balances can be held. This will enable clearer monitoring and reporting of surplus balances to Schools Forum as well as helping schools when planning and forecasting budgets.
The 4 reasons include:

1. As a revenue contribution to capital projects within a time limited maximum three year period;
2. To maintain a reserve to fund staffing levels in the short/medium term due to a verified dip in pupil numbers or as a result of a reduction in funding due to the National Funding Formula. We do not anticipate this will be longer than a maximum of three years;
3. To provide reasonable and proportionate resources to fund the impact of major changes in Government policy on the curriculum and improvement in multiple subject areas, which can be supported by a plan endorsed by the authority. Any decisions to retain surplus balances for this reason will be subject to review by the Local Authority.
4. Capital funds set aside for future year’s capital / lifecycle provision. Schools will be required to provide a summary business case explaining the reasons and this will be subject to review by the Local Authority. This should be for major items which may be considered unusual (e.g. replacement of 3G pitch) or especially significant building work.

Schools with permitted balances i.e. under 8% in primary and special and under 5% in secondary will not have to fit into the above criteria.

3.5 In 2018-19, schools with a Surplus Balance will be required to complete a new template detailing the reasons for holding the surplus balance and when it will be spent. The template requires approval by Governors and returning to the LA by 30 June 2018.

3.6 The LA will use the template and information submitted to monitor and report on any surplus balances to Schools Forum. An update regarding the use of 2018/19 Surplus balances will be presented to Forum at the next meeting.

4. NEXT STEPS

4.1 To support schools in managing their resources effectively and to enable more accurate projection of year end balances the Schools Finance Team launched a budget monitoring template last financial year. This summer the LA will be offering all schools training on budget monitoring and support completing the template. This will support schools and provide governors with detailed monitoring information to enable support and challenge on budgets and also enable the LA carry out their statutory duty to monitor schools budgets.

4.2 The deadline for schools returning the ‘Use of Surplus’ balances template for 2018/19 is the 30 June 2018. The LA will assess all returns to ensure they meet the Balance Control Mechanism Scheme and an update will be presented to Schools Forum in the autumn term.

4.3 At March 2017, there were 32 primary schools with excess surplus balances of £1.615m, 1 secondary school with an excess balance of £0.114 and special school with £0.011m. Further review of these schools will take place along with any further schools identified as having a surplus balance after 30 June 2018.

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Report To:	**SCHOOLS FORUM**
Date:	26 June 2018
Reporting Officer:	Kathy Roe –Director of Finance
Subject:	**SCHOOLS FINANCIAL VALUE STANDARD (SFVS) 2017-18**
Report Summary:	To provide an update on the requirement for schools to complete the self-assessment process against the Schools Financial Value Standard by 31 March 2018.
Recommendations:	Members of the Schools Forum are asked to note the contents of this report
Links to Community Strategy:	Effectively calculated and targeted resources will improve access to a high quality education experience for all our children.
Policy Implications:	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement.
Financial Implications: **(Authorised by the Section 151 Officer)**	To ensure a robust mechanism is in place to support schools in recognises and addressing any weaknesses in their Financial management and allow Internal Audit Team use the information to support the internal audit programme
Legal Implications: **(Authorised by the Borough Solicitor)**	There is a statutory duty to use resources efficiently and effectively against priorities.
Risk Management:	Poor financial management and use of public resources
ACCESS TO INFORMATION	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Background Papers	The background papers relating to this report can be inspected by contacting Christine Mullins – Business Partner by: Telephone:0161 342 3216 e-mail: christine.mullins@tameside.gov.uk

1. BACKGROUND AND INTRODUCTION

1.1 The schools financial value standard (SFVS) is a mandatory requirement for Local Authority (LA) maintained schools. The SFVS has been designed with schools to help them in managing their finances and to give assurance that they have secure financial management in place.

1.2 Governing bodies of maintained schools or management committees of pupil referral units (PRUs) have formal responsibility for the financial management of their schools, and so the standard is primarily aimed at governors or management committees.

1.3 The standard consists of 25 questions which governing bodies or management committees should formally discuss annually with the headteacher and senior staff. It concentrates on the key elements of financial management and efficiency and is aimed mainly at governors as they have a statutory responsibility for financial management in schools. In doing so, governors manage a considerable amount of public money and carrying out the SFVS assessment will assist in this task and give assurance to the LA's that schools have sound financial management in place.

1.4 The assessment can be used to identify training requirements for governors which will increase the skills available to the school. The 25 questions are categorised into 4 areas:

- The Governing Body and School Staff
- Setting the Budget
- Value for money
- Protecting Public Money

1.5 The standard itself is self-explanatory and support notes are included to guide schools through the process. If a school answers no or in part to any question governors or management committees are required to outline any remedial actions with specified deadlines and must monitor progress to ensure all actions are cleared with in the deadlines.

1.6 There is no prescription of the level of evidence that the governing body or management committee should require. The important thing is that governors and the management committee are confident about their responses.

2. THE ROLE OF THE LOCAL AUTHORITY

2.1 The school must send a copy of the signed standard to their local authority's finance department.

2.2 Local authorities will use schools' SFVS returns to inform their programmer of financial assessment and audit. The SFVS will not be externally assessed. Local authority and other auditors will have access to the standard, and when they conduct an audit can check whether the self-assessment is in line with their own judgment. Auditors should make the governing body, the management committee and the local authority aware of any major discrepancies in judgments. Auditors should also ensure that all actions have been addressed before a SFVS review takes place for another year.

3. POSITION OF TAMESIDE SCHOOLS

3.1 Of the 74 schools open at the start of 2017/18, the LA received 68 returns. This is 100% compliance taking into account 5 schools closed in year due academy conversion and 1 school converted to academy on 1 April 2018.

3.2 The Schools Finance Team has been proactive in reminding and chasing schools ahead of the deadline and the returns have now been shared with Internal Audit Team who will use the information to assist in the production of the Annual Audit Plan.

	Primary	Secondary	Special	PRU
Total number of eligible schools in LA	61	8	4	1
Number of eligible schools that completed the SFVS	57	6	4	1
Number of eligible schools that did not complete SFVS (non-compliant without exemption)	0	0	0	0
Number of eligible schools that did not complete SFVS (with exemptions)	4	2	0	0

4. ASSURANCE STATEMENT

4.1 The LA was required to submit an assurance statement signed by the LA Chief Financial Officer detailing which schools were implementing SFVS to the DfE by 31 May 2018. This statement was signed and sent to the EFA by the deadline as required.

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Report To:	**SCHOOLS FORUM**
Date:	26 June 2018
Reporting Officer:	Kathy Roe – Director - Finance James Thomas – Director Children's Services
Subject:	**SCHOOLS FORUM FORWARD PLAN**
Report Summary:	Provide members of Schools Forum the Forward Plan of reports 2018/19.
Recommendations:	Members of the Schools Forum are requested to note the meeting dates set out for 218/19 and the reports to be tabled at each meeting.
Links to Community Strategy:	Effectively used resources will improve planning for high quality education experience for all our children.
Policy Implications:	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement.
Financial Implications: **(Authorised by the Section 151 Officer)**	There are no direct financial implications as a result of this report.
Legal Implications: **(Authorised by the Borough Solicitor)**	There are no direct legal issues arising from this report.
Risk Management:	There are no direct risk management implications as a result of this report.
ACCESS TO INFORMATION:	**NON-CONFIDENTIAL** **This report does not contain information which warrants its consideration in the absence of the Press or members of the public.**
Access To Information:	The background papers relating to this report can be inspected by contacting Christine Mullins, Financial Management: Telephone:0161 342 3216 e-mail: christine.mullins@tameside.gov.uk

1. BACKGROUND

1.1 This report outlines the timetable and schedule of meetings and reports to be presented for the upcoming year, forming a forward plan. The plan will enable forum members to be kept informed items to be tabled for consideration.

2. TIMETABLE

2.1 The meeting dates for the remainder of 2018/19 financial year for forum have now been set and are outlined below. Setting the annual schedule of dates in advance assist forum members with diary planning.

Date	**Venue**
Tuesday 23 October 2018	Discovery Academy
Tuesday 4 October 2018	Discovery Academy
Tuesday 12 February 2018	Discovery Academy

2. FORWARD PLAN

2.1 The table below summarises the forward plan of reports to be considered at each meeting by Schools Forum

Forum Meeting	Report	Purpose
October	School Funding Update on NFF and Summer Announcements from DFE	Noting
	DSG Budget Update 2018/19	Noting
	Review of School Forum Constitution and agree Forum Membership.	Approval
	Updated Scheme of Financing for Schools	Approval (Maintained sector only)
	Schools Balances Reports 2017/18 - Final	Approval
December	DSG Budget Update 2018/19	Update
	Consultation of Funding Formula	Noting
	High Needs Commissioning	Noting
February	Budget Monitoring	Noting
	Formula Funding 2019/20	Approval
	High Needs Commissioning	Approval

2.2 Further reports may be added to the agenda where schools forum involvement is necessary throughout the year.

Report To:	**SCHOOLS FORUM**
Date:	26 June 2018
Reporting Officer:	Sandra Stewart – Director of Governance and Pensions Tom Wilkinson – Assistant Director Finance
Subject:	**INTERIM ARRANGEMENTS FOR LEP AND PFI DELIVERY FOLLOWING CARILLION LIQUIDATION**
Report Summary:	To present a position statement of the progress being made in relation to transfer of former Carillion contracts to Robertson by the Local Education Partnership (LEP) and Private Finance Initiative (PFI) Project Companies. To outline the action required to provide certainty and direction in relation to the future of these contracts and of the LEP itself.

Recommendations:

To note that the contents of this report presented to Executive Cabinet agreed that

1. The Council consented to the replacement of Carillion in the PFI Contracts to Robertson's subject to their being sufficient safeguards for the protection of the Council and the existing staff; and the Borough Solicitor (in consultation with the Director of Finance and Deputy Executive Leader) be authorised to enter into such arrangements to facilitate this noting the increased project risks that result as a consequence of the Carillion liquidation.
2. The Council agreed to extend the Council's arrangement with Inspired Spaces Tameside Ltd (the LEP) until 31 July 2019 to enable an orderly transfer of existing contracts to Robertson's as the preferred provider and to enable sufficient time to review the current arrangements with a view to securing a long term sustainable and affordable solution;
3. Also Agreed to the LEP proposal to transfer its existing additional services including Facilities management and catering contracts from Carillion to Robertson FM and to align these with the Council's arrangement with the LEP to end on 31 July 2019 to enable the continuing delivery of services;
4. Agreed that any schools receiving services under the catering contract remain until its expiry and/or alternative arrangements being agreed and any schools wishing to terminate sooner will pick up any termination/mobilisation costs to ensure that such costs are not subsidised or incurred by the remaining schools.
5. That the Borough Solicitor is authorised to enter into any contracts and or ancillary agreements such as Pension Admission Agreements to facilitate the arrangements proposed in the report.
6. That officers bring a further report to Executive Cabinet outlining the scope of the review of the LEP arrangements

and a project timetable to enable a long term and sustainable solution to be in place following 31 July 2019;

7. Approved the release of up to £100k from the Medium Term Financial Strategy Reserve to fund a detailed strategic review of the LEP and the services delivered by it in order for the Council to determine how best to deliver sustainable and affordable services going forward.

Links to Community Strategy: To deliver efficient and effective low cost services.

Policy Implications: In line with approved policy.

Financial Implications:
(Authorised by the Section 151 Officer)

The unfortunate timing of the collapse of Carillion and end date of the contracts provided by Carillion to the LEP of February 2019 has meant that a successful transfer of contracts to an alternative sub-contractor would be prohibitively expensive. An extension of the LEP arrangements and associated contracts (for effectively one year) would make the contracts attractive enough to prevent any additional charges being incurred by the Council for the provision of these services. The costs of operation of these contracts would not change.

The current cost of PWC providing former Carillion services is about to become significantly more expensive from June 2018, so it is imperative that services are transferred to an alternative provide on substantially the same terms as the existing contract with the LEP. A full reconciliation of the costs and payments will be completed once contracts have transferred from PWC.

Legal Implications:
(Authorised by the Borough Solicitor)

In the challenging circumstances that have been created by the liquidation of the Carillion Collapse, the Council has needed to seek expedient short term solutions, which provide critical services and protect and support the workforce who deliver them, whilst undertaking the review required to procure/secure sustainable value for money services going forward.

Risk Management: Significant risks materialised on the liquidation of Carillion. The Council by contracting through the LEP has managed to mitigate a number of these risks. However, the disruption caused by the liquidation of Carillion has meant that it has been necessary to extend the arrangements with the LEP to provide certainty and stability as long term solutions are sought, whilst protecting staff formally employed by Carillion and maintaining service delivery. The budget risks that have emerged can be contained within the Council's risk mitigation contingency fund, although all steps will be taken to find alternative efficiencies and savings to minimise the use of contingency.

Access to Information: The background papers relating to this report can be inspected by contacting the report writer: Tom Wilkinson, Assistant Director Finance.

Telephone: 0161 3423802

e-mail: tom.wilkinson@tameside.gov.uk

1. INTRODUCTION

1.1. It is well documented that on Monday 15 January 2018, nine Carillion companies went into compulsory liquidation, with Price Waterhouse Cooper (PWC) taking on the management of the liquidation process. The Council indirectly had two separate relationships with Carillion. One through the delivery of services to six schools under the Building Schools for the Future (BSF) programme, and one through the Council's strategic partnership with Inspired Spaces Tameside Ltd, which is also known as the Local Education Partnership (the LEP). The Council has a 10% shareholding in the LEP.

1.2. The Council holds a 45% stake in the companies that built and operate the BSF schools that were finance and operated under the terms of a private finance initiative (PFI). These schools have facilities management and catering services delivered by Carillion.

1.3. The LEP strategic partnership delivers the Council's main capital programme schemes, including the Vision Tameside Phase 2 project, and three further contracts:

- Tameside Additional Services (TAS) contract, which provides facilities management and estates services;
- Primary School Catering (PSC);
- Hard and soft facilities management at Samuel Laycock school and hard facilitates management at the adjoining Great Academies Ashton academy.

1.4. These contracts were delivered by Carillion through the LEP.

1.5. The LEP and the PFI project companies have been working closely with Robertson Group and PWC to make arrangements for the former Carillion staff to transfer to Robertson Group to enable the continuation of services to the Council. The Council as a key stakeholder have made it imperative that the terms and conditions of transferring staff are protected and have sort to keep the contractual arrangements substantially the same.

1.6. The arrangement with the LEP is due to expire in February 2019, unless the provisions within the original contract are made to extend.

2. PFI CONTRACTUAL ARRANGEMENTS

2.1 The Council entered into two project agreements under the Building Schools for the Future (BSF) initiative on 4 February 2009 and 9 April 2010 with respectively (1) Inspiredspaces Tameside (Projectco 1) Limited and (2) Inspiredspaces Tameside (Projectco 2) Limited (the Project Cos and the Project Agreements) for delivery of secondary schools under the PFI regime. The companies were required to be set up to secure the funder bank loans and for the orderly running of the schools for the contract period of 25 years.

2.2 In each case, the sub-contractor selected to provide facilities management services was Carillion Services Limited, which went into liquidation on 15 January 2018.

2.3 Since the FM Contractor went into liquidation, the FM Contractor has continued to provide services under a special management regime with PWC, as liquidator, which requires a weekly payment up front for services which includes an administration fee to be paid to the special managers.

2.4 The Manager of the services under the PFI special purpose vehicles and equity partner, Amber Infrastructure (Amber) has proposed that each Project Co terminate the relevant FM Contract and enter into a new contract to replace the FM Contract. To do so requires the consent of the Council. As part of the Proposal, the Council was asked to agree to the following terms:

(a) waive its right to a collateral warranty from the incoming service provider;
(b) cancel accrued deductions to the extent that they count towards a termination right;
(c) waives certain indemnities, and any claim in respect of Project Cos failing to secure indemnities from new provider, in relation to the transfer of staff from the FM Contractor to new provider (and in relation to pensions benefits);

2.5 The Council's consent is required to make a material change or termination of the FM Contract. Project Cos are required to submit proposed changes via the Review Procedure and there is a "deemed acceptance" of any proposal submitted in accordance with the Review Procedure if it does not respond within 10 Business Days of receipt.

2.6 The grounds on which the Council can object to a submission to terminate or vary the FM Contract are limited under the PFI contract. The Council needs to consider whether the proposed course would on balance of probabilities be likely to result in an adverse effect on the Council's ability to provide Education Services or carry out its statutory functions, or be likely to result in an increase to the Council's liabilities, or would adversely affect a right of the Council under the Project Agreement. Amber may dispute the Council's comments if they are not on proper grounds

2.7 The Council considered its position with the granting of consent having regard to:

a) its role as ultimate buyer of the relevant services under the Project Agreements;
b) its role as 45% shareholder in the holding companies of both Project Cos; and
c) any other relevant considerations arising from the insolvency of the FM Contractor, including in relation to the workforce.

2.8 The Council rejected the original proposals put forward by Amber as insufficiently protecting staff terms and conditions and felt that the proposals were too short term to provide the services competently and effectively and failed to secure the long term value of healthy projects to the Council (as equity investor in the project holdcos and buyer of services).

2.9 Further negotiations and discussion has taken place to secure a suitable acceptable provider of services to the schools with the Council taking the view that it seemed sensible for Robertson’s to do this as the proposed replacement building contractor and provider of additional services. This will allow Robertson’s to attain some efficiencies of scale particularly in light of their agreement to undertake a ‘TUPE like’ transfer in circumstances where this does not apply in liquidation and included obtaining pension fund admission agreements to stay in the Greater Manchester Pension Fund.

2.10 The Council and Amber together with the Funders of the PFI schools are currently working through the contracts with lawyers to ensure that the rights and protections set out in the contract remained so far as possible the same subject to noting that the failure of Carillion means that any building risks will in part fall back to the PFI cos and by default in part the Council as an investor.

2.11 Considerable consultation has taken place with the Trade Unions and whilst they are clearly concerned for their members and unhappy that Carillion has been put into liquidation, which virtually wipes out all legal protections such as TUPE for their members they recognise the efforts being made by the Council to protect terms and conditions and secure jobs and trade union recognition and rights. Whilst the situation has been far from ideal with a significant amount of uncertainty the Trade Union have been involved in the weekly calls with the Official receiver and are fully aware of the national position so are of the view that the best outcome is being secured by the Council in the circumstances.

2.12 The Official Receiver publishes a weekly update on staffing on the Government's Insolvency Website at https://www.gov.uk/government/news/carillion-official-receivers-employment-update--2 and their current position is as follows:

- *in total, to date 11,954 jobs (66% of the pre-liquidation workforce) have been saved and 2,352 (13%) jobs have been made redundant through the liquidation*
- *a further 1,129 employees have left the business during the liquidation through finding new work, retirement or for other reasons*
- *this information does not include jobs attached to contracts where an intention to purchase has been entered into but has not yet formally occurred*
- *just under 2,700 employees are currently retained to enable Carillion to deliver the remaining services it is providing for public and private sector customers until decisions are taken to transfer or cease these contracts*

2.13 The Liquidator is now pushing for all operational contracts to finish as soon as possible. They have only recently now provided all the Employee Liability Information, asset and operational details required to enable Robertson FM to take over the services. Tameside Council have facilitated and supported consultation with union representatives and staff.

2.14 The pressure to resolve the position and contracts expediently is being heightened by the liquidator seeking to impose substantial increases to the administrative fee of supervising the contracts in the interim.

2.15 As a result of these new excessive charges it is imperative that the LEP and the Council seek to enter into new arrangements and move away from PWC as soon as possible.

3. IMPACT ON FACILITIES MANAGEMENT (FM) AND CATERING SERVICE DELIVERY

3.1. Shortly after Carillion PLC went into liquidation, Robertson FM contacted the Council and the LEP with a proposal to take over the FM and catering services contracts. In principle, both the LEP and the Council were happy to progress the transfer of the services. The basis of the original discussions was that Robertson would take over the contracts as they were, protect all terms and conditions as if TUPE applied and deliver services for the remaining term of the contracts which were:

- Additional Services – 31 October 2018
- Primary Catering Services – 28 February 2018
- Samuel Laycock School with soft and hard FM services, utilities and reactive repairs and lifecycle services and Great Academy hard FM services and utilities – 24 August 2036

3.2. It was also agreed in principle that Robertson FM would be able to benefit from a short performance deduction holiday as it established itself under the terms of the contract.

3.3. However, as PWC were initially seeking purchasers for all of the operational contracts and had entered into consultation with a Canadian FM company BGIS, they would not release Employee Liability and other information to the LEP to allow the transfers to be completed. On 9 March 2018, it was announced that BGIS had pulled out of discussions with PWC and alternative arrangements would be required to continue service delivery.

3.4. By this time, Robertson, the Council and the two PFI project companies in Tameside were having discussions about Robertson also taking over the PFI FM contracts, ensuring the delivery of services remained the same as under the Carillion arrangements.

3.5. Now that PWC are pushing for all operational contracts to finish as soon as possible, they have provided all the Employee Liability Information, asset and operational details required to enable Robertson FM to take over the services. Tameside Council have facilitated and supported consultation with union representatives and staff.

3.6. Robertson have organised replacement lap tops, mobile phones and uniforms for transferring staff and have confirmed that they are in a position to take over the services, and have also submitted an application for Admitted Body status to the Greater Manchester Pension Fund scheme on 8 June 2018, which is being reviewed.

4. COST OF SERVICES SINCE LIQUIDATION

4.1. Since 15 January 2018, services have been provided to the LEP and ultimately the Council for 20 weeks, for all services, including Additional Services, Primary Catering Services, Estates, Samuel Laycock soft and hard FM services, utilities and reactive repairs and lifecycle services and Great Academy hard FM services. This has cost £219k per week, but includes a fee for PWC of approximately £52,500 a week. PWC have stated that before final contract sums are settled a full reconciliation will be done to make any adjustments for the actual costs incurred.

4.2. However, PWC have now stated that they are significantly increasing their management fee (by more than £100k per week) as they are supporting fewer contracts and that this increase will take place from the beginning of June. The Council has not yet paid these costs as they are considered excessive. Unless agreement is reached soon PWC are likely to threaten to terminate services.

4.3. As a result of these new excessive charges it is imperative that the LEP and the Council seek to enter into new arrangements and move away from PWC as soon as possible.

5. THE FUTURE OF THE LEP

5.1. Prior to Carillion entering liquidation, the Council had committed to evaluating the role of the LEP and the delivery mechanisms for the additional services and primary school catering contract, this was reflected in its budget process and budget report. However, the collapse of Carillion, the need to focus on the remobilise the Vision Tameside construction project and the necessity to work with PWC and Carillion staff in sustaining existing front line services have taken priority, meaning that this evaluation process has not commenced.

5.2. The timing of the Carillion liquidation has also meant that there is less than a year remaining on the existing contracts, meaning there is insufficient time remaining to make them a financially viable option for a new sub-contractor to mobilise and afford to take on the contracts.

5.3. The alternative option include asking PWC to continue to provide services to the end of the contracts is also prohibitively expensive, especially as they are increasing their administration fee for running the contracts.

5.4. The option to insource services, which was to be looked at as part of the proposed review of the LEP, is not possible or practical at such short notice because of the lack of in house management resources and capacity, which would seriously jeopardise the front line service delivery, and due to a lack of due diligence create significant additional financial risks for the Council.

5.5. In order to allow a proper strategic long term focused review of the LEP and the provision of services currently delivered, it is proposed that the Council seeks to formally extend its arrangements with the LEP to 31 July 2019 and align its contracts to also terminate at that date. The benefits of doing this are:

- Aligning contracts gives certainty and provides sufficient time to allow them to be re-let as one in a single coherent package by the LEP, making it more attractive to sub-contractors;
- It aligns with the end of the school year for primary school catering, giving schools certainty of service and a natural cut off date for them;
- It provides the Council sufficient time to conduct a detailed strategic review of its arrangements and enable it to arrive at the best value solution;
- It will allow the necessary time to consult with schools about the future of the school catering arrangements;
- It will allow the replacement subcontractor to identify any legacy issues from the collapse of Carillion so that these can be adequately addressed before the new arrangements are put in place.

5.6. It is also proposed that the formal review of the LEP commences immediately with a further report to be taken to the July meeting of the Executive Cabinet setting out the timescales of the review, with a view to commence the procurement or in sourcing process by the end of the calendar year. It would be necessary to bring in expert external resources to deliver this review.

6. RECOMMENDATIONS

6.1. As at the front of the report.

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