

SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report provides detail on which the Schools Forum can further consider the matter raised on 5 July 2017 regarding the disproportionate cost to the maintained secondary phase in 2017/18 of de-delegated arrangements for the maternity costs scheme. The Schools Forum is asked to consider and agree the action it wishes to take to resolve this matter.

Date (s) of any Previous Discussion at the Forum

This matter was raised in a letter from the Headteacher at Bingley Grammar School and as a 'matter raised by schools' on 5 July 2017.

Background / Context

The minutes of the Schools Forum meetings held on 11 and 18 January 2017 record the Forum's decision on the cessation of the de-delegated maternity / paternity 'insurance' scheme for the secondary phase:

School Maternity / Paternity 'insurance' fund: continue de-delegation from early years (nursery schools) and primary phases at a value forecasted to afford the scheme for a full year and repay the 2016/17 overspending. Cease de-delegation for / access to this scheme for the secondary phase at 1 July 2017 (so no new claims after 1 July but with existing claims honoured until these expire), with a full year de-delegation contribution initially taken and an end of year reconciliation of cost with reimbursement back to contributing schools (where necessary).

There were 7 maintained secondary schools at 1 April 2017 for which de-delegation was applied. There remain 7 maintained secondary schools at 1 September 2017. The value of de-delegation for 2017/18 for the secondary maternity / paternity 'insurance scheme was £36.57 per pupil, which established a total budget of £305,027 for the financial year.

The value of de-delegation for all phases in 2017/18 included the recovery of an estimated £330,000 overspending on the 2016/17 fund. £6.57 of the £36.57 for the secondary phase related to this overspending. The final confirmed overspend up to 31 March 2017 within the fund was £358,000.

The letter from Bingley Grammar School (extract) asked the following:

The school governors have asked me to write to you to express our deep concern regarding the high level of charge against our funding allocation this year relating to Maternity and Paternity Pay "insurance" provision.

They consider that the proposed charge of £54,562 for a four month period between April and July in this year is unjustifiable. It is the equivalent of an annual charge of £163,686 and is more than six times the premium that we were charged last year. As we have never made a claim of anything approaching this magnitude we cannot see how this premium was determined, particularly as it is considerably more than we would expect to pay in the commercial insurance market. Governors are determined to extract the best possible value from the school's budget do not believe that this expenditure can be justified.

Two solutions are possible:

- 1) Maternity insurance for secondary maintained schools is withdrawn from the beginning of the current financial year and the proposed charge is refunded to the schools account.
- 2) A charge equivalent to 4/12 of last year's charge plus inflation is levied and the insurance is terminated at the end of July.

Governors are also very anxious to hear how the current premium was determined and would ask that the Schools Forum either publish this information or reconsider their decision to levy the premium on those schools contributing to this area of the de-delegated budget in the current year.

Details of the Item for Consideration

To remind Forum Members about the basis of de-delegated funds:

- These are funds, where the funding is originally delegated to all schools and academies through formula funding, but where maintained schools can decide to 'de-delegate' amounts back to the centre for specific named purposes. Only maintained schools (and nursery schools) contribute to these funds and only maintained schools can access.
- The decision to de-delegate is taken by the phase-specific school members on the Schools Forum.
- There are 3 funds (Fischer Family Trust Subscription and School Maternity / Paternity Insurance and School Staff Public Duties and Suspensions) that are calculated on actual expected costs and the values of per pupil contributions can vary year on year, including to manage over or take account of under spends in the previous year.

To remind Forum Members of the basis of the decision that was made on 18 January on the maternity / paternity insurance scheme for the secondary phase:

- Members were presented with the evidence suggesting strongly the lack of future financial viability of the maternity / paternity insurance scheme for the secondary phase.
- The Schools Forum's secondary maintained representatives took a clear view in the December 2016 and January 2017 meetings that, although the current system has become unviable and financially unattractive, it cannot be stopped at short notice i.e. for stability there needs to be some warning to enable schools to put alternative arrangements in place. This was basis for the agreement for the cessation of the fund at 1 July for new claims but with existing claims being honoured after this until these expire.
- It was explained that the cost of the fund, with so many moving parts, including academy conversions, is difficult to forecast. On this basis, the Forum agreed to make full year provision, with the understanding that it is expected that there will be a reimbursement at the end of the year. This is recorded in the Forum's minutes.
- The fund value was set at an anticipated full year value plus an increase to cover the overspending predicted in the 2016/17 budget. The per pupil cost for secondary increased in 17/18 by £17.93. £7 of this relates to the overspending in 2016/17. It was anticipated that, was the scheme to be in place for the full 2017/18, the per pupil cost would continue to be at least £7 per pupil higher than the existing base i.e. these 2 factors explain £14pp of the increase.

Options for Resolution

There are 2 options that are not recommended by the Authority and are not further presented. Firstly, do nothing, because we have already identified that a reimbursement should be due. Secondly, retrospectively cease the fund at 1 April 2017. This would be administratively difficult, would mean the reversal of reimbursements that schools have already received and would also not be in keeping with the Forum's concern about providing time for schools to implement alternative arrangements.

2 options for the Schools Forum to consider are:

- Option 1 – implement the 2nd of the options put forward by Bingley Grammar School, to limit the per pupil cost to 4/12ths of the 2016/17 charge plus some inflation.
- Option 2 – to reimburse secondary schools on the basis of actual spend, as originally set out in the January decisions.

An analysis of each of these options is shown at the end of this report.

Members are asked to consider these 2 options. The Authority recommends that the 7 maintained secondary schools are refunded according to option 2 on the basis that this follows the guiding principles of de-delegated funds, follows the basis of the Forum's recommendation already made in January about reconciliation and reimbursement for actual cost, and does not require the use of DSG reserve.

Implications for the Dedicated Schools Grant (DSG) (if any)

Option 1 would require the use of £49,300 of DSG reserve. Option 2 would not require the use of reserve (the refund would be funded through the under spending in the original planned budget provision).

Recommendations

The Schools Forum is asked to consider and agree the action it wishes to take to resolve this matter. The Authority recommends that the budgets of maintained schools are refunded as per option 2.

List of Supporting Appendices / Papers (where applicable)

None

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<u>Option 1: BGS suggested resolution</u>	
2016/17 £APP	17.93
£APP Value plus inflation (pay award 1%)	18.11
4/12ths of this value £APP	6.04
No. of maintained secondary school pupils 2017/18	8,341
Total de-delegated budget on this basis	50,343
Actual De-delegation cash value 2017/18	305,027
Actual £app	36.57
Cash value of 'refund' 2017/18	-254,684
£app value of 'refund' 2017/18	-30.53
<u>Option 2: Refund Based on Actual Spend</u>	
Actual spend secondary phase at 5.9.17	55,123
Forecasted further spending on existing claims	0
Confirmed 16/17 overspend proportion	44,515
Total Forecasted Spending 2017/18	99,638
Cash value of 'refund' 2017/18	-205,389
£app value of 'refund' 2017/18	-24.62
Cash difference between option 1 and option 2	-49,295

Breakdown for individual maintained secondary schools

	Pupil No.s	Original Charge	Refund Option 1	Refund Option 2	Diff	Revised Charge (Option 1)	Revised Charge (Option 2)
Bingley Grammar School	1,492	54,562	-45,557	-36,739	-8,818	9,005	17,823
Carlton Bolling College	1,200	43,884	-36,641	-29,549	-7,092	7,243	14,335
Hanson School	1,257	45,968	-38,381	-30,952	-7,429	7,587	15,016
Parkside School	874	31,962	-26,687	-21,521	-5,165	5,275	10,440
St Bede's & St Joseph's Catholic College	1,568	57,341	-47,877	-38,610	-9,267	9,464	18,731
The Holy Family Catholic School	757	27,683	-23,114	-18,640	-4,474	4,569	9,043
Titus Salt School	1,193	43,628	-36,427	-29,376	-7,051	7,201	14,251
Totals	8,341	305,027	-254,684	-205,389	-49,295	50,343	99,638