

NOTICE OF MEETING

Schools Forum

Thursday 28 January 2010, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Schools Forum

SCHOOLS MEMBERS

Secondary School Representatives:

Keith Grainger
Gordon Cunningham
Bob Elsey

Primary School Representatives:

Di Gare
Joanna Quinn
Chris Tsakmakis
Jill Ward

Primary Governors:

Brian Francis
Ed Glasson
Kelvin Menon
Tony Reading
John Throssell

Secondary Governor:

Maureen Beadsley
Orrie Dempsey
Brian Fries

Special Education Governor:

Anne Shillcock

NON-SCHOOLS MEMBERS

Union Representative:

George Clement (Chairman)

Diocese Representatives:

Gordon Anderson (Vice-Chairman)
Urzula Topp

**Early Years, Childcare & Play
Partnership:**

Vacant

PVI Provider Representatives:

Kate Sillett

14-19 Partnership Representative:

Vacant

Observer:

Steve Lambert (LSC)

EMERGENCY EVACUATION INSTRUCTIONS

- 1 If you hear the alarm, leave the building immediately.
- 2 Follow the green signs.
- 3 Use the stairs not the lifts.
- 4 Do not re-enter the building until told to do so.

If you require further information, please contact: Liz Sanneh

Telephone: (01344) 352233

Email: elisabeth.sanneh@bracknell-forest.gov.uk

Published: 29 January 2010

ALISON SANDERS
Director of Corporate Services

EMERGENCY EVACUATION INSTRUCTIONS

- 1 If you hear the alarm, leave the building immediately.
- 2 Follow the green signs.
- 3 Use the stairs not the lifts.
- 4 Do not re-enter the building until told to do so.

If you require further information, please contact: Liz Sanneh
Telephone: (01344) 352233
Email: elisabeth.sanneh@bracknell-forest.gov.uk
Published: 29 January 2010

Schools Forum
Thursday 28 January 2010, 4.30 pm
Council Chamber, Fourth Floor, Easthampstead House, Bracknell

AGENDA

Page No

1. **Apologies for Absence/Substitute Members**
To receive apologies for absence and to note the attendance of any substitute members.
2. **Declarations of Interest**
Members are required to declare any personal or prejudicial interests and the nature of that interest, in respect of any matter to be considered at the meeting.
3. **Minutes and Matters Arising**
To approve as a correct record the minutes of the meeting held on 22 October 2009. 1 - 6
4. **Broadband and internet services for schools**
To update and consult the Schools Forum on the arrangements for the procurement of the broadband and internet service for schools. 7 - 10
5. **2010-11 Schools Budget Proposals and other financial items**
To seek views from members of the Schools Forum on preliminary proposals from the Council for the 2010-11 Schools Budget 11 - 52
6. **Bracknell Forest Council Proposals for the Early Years Single Funding Formula (EYSFF)**
To seek agreement from the Schools Forum on the proposed Bracknell Forest Council Early Years Single Funding Formula and other related matters. 53 - 86
7. **Local Authority Budget Proposals for 2010-11**
To present an overview of the Council's budget position and the specific proposals relevant to the Children, Young People and Learning (CYPL) Department to the Schools Forum for comment. 87 - 108
8. **Any Other Business**
9. **Dates of Future Meetings**
The next meetings of the Schools Forum are scheduled for 25 February 2010 and 29 April 2010

This page is intentionally left blank



**SCHOOLS FORUM
22 OCTOBER 2009
4.30 - 5.30 PM**

Present:

George Clement (Chairman)
John Throssell, Primary Governor
Ed Glasson, Primary Governor
Brian Francis, Primary Governor
Kelvin Menon, Primary Governor
Tony Reading, Primary Governor
Anne Shillcock, Special Education Governor
Keith Grainger, Secondary School Representative
Maureen Beadsley, Secondary Governor
Brian Fries, Secondary Governor
Steve Lambert, Learning and Skills Council

Also Present:

Paul Clark, Head of Finance, Performance and Resources
David Watkins, Chief Officer, Performance and Resources
Graham Symonds, Extended Services Co-ordinator
Liz Sanneh, Democratic Services

Apologies for absence were received from:

Gordon Cunningham
Robert Elsey
Joanna Quinn
Kate Sillett
Martin Gocke

1. Declarations of Interest

There were no declarations of interest.

2. Minutes and Matters Arising

RESOLVED that the minutes of the meeting held on 16 July 2009 be approved as a correct record and signed by the Chairman.

3. Welcome

The Chairman welcomed three new school governors to the meeting, and asked them to introduce themselves to the Forum. The rest of the members of the Forum then introduced themselves.

4. **Election of Governors**

A report on the results of the ballot to find new members for the Forum had been circulated and was introduced. Three of the four new members were present: Brian Fries, Secondary School Governor, and Kelvin Menon and Tony Reading, Primary School Governors. These had been appointed to the Forum for a period of four years, together with Orrie Dempsey, Secondary School Governor, who was not present at the meeting.

5. **Extended Services Budgets**

Graham Symonds, Extended Services Co-ordinator, Children, Young People and Learning, introduced the report, which had been circulated, and asked for the Forum's consideration of the recommendations.

Mr Symonds explained that the funding for Extended Services was grant-based and ran on a three year cycle, which would end in March 2011. He drew the Forum members' attention to the summary table under 5.1 of the report, explaining that there would be insufficient funds in the Area-Based Grant for 2010/11 for the delivery of extended services. He suggested that there was an option to pare down the level of activity but continue to fund with the balance coming from Standard Funds, which would increase over the three-year period.

With regard to Family Support Advisers, Mr Symonds told the meeting that these workers provided excellent additional support, giving children a better chance to benefit from learning. These were part-funded by schools, and most schools in Bracknell Forest have FSAs. He asked that the Forum consider funding the salary contributions and support of FSAs for 2009-10 and 2010-11 from the Standards Fund, and in 2010-11 also to pay from this fund for the co-ordinator time supporting FSAs.

Mr Symonds reminded the Forum that at a previous meeting they had agreed an approach for piloting the DCSF "Disadvantage Subsidy". In Bracknell Forest this was known as the Activity Bursary and it offered to children from economically disadvantaged families, in full-time education, a subsidy so that they could attend leisure and recreational activities that would otherwise be denied them. The intention of the pilot was to increase self-esteem and confidence amongst this group, resulting in improvements in attainment, attendance and behaviour. The funding for the pilot scheme had come from a separate grant from the Standard Fund, and this was being spent in schools in the area south of the town centre, and the pilot scheme was being monitored. Mr Symonds asked that the Forum support the recommendation to increase provision and funding for school/cluster administration of the Activity Bursary and extended services already established, and in 2010-11 to provide for co-ordinator time supporting school/cluster work to be funded through the Standards Fund.

The Chairman thanked Mr Symonds for his report, and invited questions. Points raised included:

- Concern that the Area Steering Group funding would be reduced, although ASG responsibilities would be increasing in the next year. ASGs would need to bid for funding in future, and this would be a challenge and require additional staff time to achieve. Mr Symonds agreed that it would have been better to have funding maintained to 2011.

- Turnover of Family Support Advisers was quite high; this was seen as a healthy sign that staff were enjoying the work, were empowered and well supported, and the turnover was largely caused by advisers moving between schools.
- Tony Reading suggested that for future reports it would be helpful to have in the summary table an expression of amounts in the summary table as percentages of the overall grant.

It was **RESOLVED** that the Forum agreed:

- i. That the increased Standards Fund allocation in 2010-2011 should fund part-year staffing, operational costs and overheads costs;
- ii. In 2009-2010 and 2010-2011 to fund the salary contributions and support of FSAs through the Standards Fund and in 2010-2011 that co-ordinator time supporting FSAs also be funded through this route.

In 2009-10 and 2010-11 to

- iii. increase in schools the provision for, and funding of, school/cluster administration of the Activity Bursary and extended services already established;
- iv. provide for some centralised administration of the Activity Bursary to work with school colleagues to achieve economies of scale when working with leisure and recreational providers;
- v. In 2010-11 to provide for co-ordinator time supporting school/cluster work to also be funded through the Standards Fund;

[Graham Symonds left the meeting]

6. **The Schools Budget: 2009-10 monitoring and 2010-11 preparations**

Paul Clark, Head of Finance, Performance and Resources, presented the Schools Budget, which had been circulated. He updated members of the Forum on the current position of the 2009-10 Schools Budget, and asked them to note a small number of budget changes agreed by the Executive Member which had resulted in additional allocations, as shown in Annex A.

In terms of monitoring the current years' budget, although the forecast showed a surplus, it was difficult at this stage of the school year to allocate any of this surplus as it was too early to see trends developing. There was still potential for growth in high cost, volatile Special Educational Need spending, with high cost placements and associated support costs.

There had been a reduction of £94,000 in government grant income for schools, and this was due to an over estimate of the number of children in full-time early years education, and an over estimate of numbers of children in non-maintained schools.

Mr Clark then moved to the 2010-11 Budget; this was the last year of a three year cycle. He asked the Forum to agree a short consultation to be undertaken with schools for information on pressures for next year. Once collated, the information would be used in a second consultation to prioritise pressures to aid decision-making should there be insufficient funds to meet all anticipated cost increases. A further

consultation was recommended which would allow the Acting Director of Children, Young People and Learning to undertake a consultation on financial matters in two areas, should this be required. The first area would be funding for additional education needs, to find a new method of allocating funds following the abandonment of Key Stage 3 tests on which allocation was previously based. The second area would be allocation of deprivation funding: a significant reduction in free school meals claims, on which previous years' deprivation funding had been based, required further analysis to produce options for allocating funds in 2010-11. This would enable indicative budgets for 2010-11 to be given to schools before the end of the year.

The Chairman thanked Mr Clark for his report, and invited questions. Discussion followed which covered:

- The possible overspend on SEN – Mr Clark explained that the budget had been set a year ago, and some children went to different establishments with varying costs than those anticipated in the budget.
- Free School Meals – the Forum members made various suggestions of why the take-up of Free School Meals had dropped over the past two years. Mr Clark indicated that he did not have access to individual schools data to see if paid meal numbers had also fallen in secondary schools as all schools operate their own contracts, so it was difficult to discover why there had been a drop. In response to a question about funding schools for deprivation using FSM data instead of the Index of Multiple Deprivation, Mr Clark told the meeting that the IMD was now out of date as it had last been published in 2004, and that the Forum had undertaken a significant review of measures of deprivation in 2007 and concluded that FSM was the most appropriate measure for Bracknell Forest.

It was **RESOLVED** that the Forum

- i. Noted the final 2009-10 Schools Budget as agreed by the Executive Member;
- ii. Agreed that the forecast underspend for the 2009-10 Schools Budget, currently estimated at £0.128m should remain unallocated pending review at the end of the autumn term;
- iii. Agreed that the Acting Director of Children, Young People and Learning be authorised to distribute:
 - a. A consultation paper to schools seeking views of potential budget pressures for 2010-11 and their relative importance;
 - b. A consultation paper to schools on financial matters, should this be required;
 - c. Indicative 2010-11 budgets to schools, up to the level of available resources, should there be insufficient time for the Forum to consider relevant information.

7. **Education and Children's Services Financial Benchmarking: 2009-10 original budget data**

This information item, which had been circulated, was introduced by Paul Clark. Mr Clark told the members that the information given was provided each year to the Forum, based on national bench-marking data. The tables which had also been

circulated made comparisons with Bracknell Forest's closest statistical neighbours. The information given on these spreadsheets was open to interpretation as it was gleaned from forms filled in by the Local Authorities involved. Members should be aware that all government funding received for schools was spent on the Schools Budget with no diversions to other areas.. Therefore, any difference between spend in Bracknell Forest on a particular service areas and our neighbours reflected different priorities in spending, as agreed each year by the Forum.

The Chairman thanked Mr Clark for the report, and invited questions.

Tony Reading asked about the higher spend on Bracknell Forest schools in financial difficulty compared to our statistical neighbours. Paul Clark told the meeting that the Bracknell Forest allocation was made in agreement with the Schools Forum for two schools which were in financial difficulties. This reflected changes schools could go through – a drop in pupil numbers could lead to a deficit and a request for additional support. Keith Grainger remarked that he saw it as a positive that Bracknell Forest had it in the budget to provide support. Many LAs he knew of did not have this support in their budgets, and Mr Clark told the meeting that if Bracknell Forest did not allow in the budget for this, schools would have to manage the difficulties themselves.

8. Any Other Business

There was no other business.

9. Date of Future Meetings

The next meeting will be held on Thursday 10 December. If there is insufficient business, the Forum members will be notified.

CHAIRMAN

This page is intentionally left blank

SCHOOLS FORUM 28th January 2010

BROADBAND AND INTERNET SERVICES FOR SCHOOLS (Acting Director of Children, Young People and Learning)

1 PURPOSE OF DECISION

- 1.1 All schools have previously chosen to participate in the Bracknell Forest Council contract for the provision of broadband and internet services, and in aggregate pay approximately £176,000 per annum towards the cost of the service from their delegated budgets. A contribution towards the costs of the service of £71,000 is also made within the Schools Budget, the amount set aside for the former match funded Standards Fund grant. This contract expires at the end of August 2010, and during 2009 extensive work has taken place related to procuring a new service for schools.
- 1.2 The purpose of this report is to update and consult the Schools Forum on the arrangements for the procurement of the broadband and internet service for schools.

2 RECOMMENDATIONS

- 2.1 That the arrangements for the procurement of the broadband and internet contract for schools are agreed.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 Bracknell Forest Council is committed to ensuring that schools have access to a cost effective, secure and robust broadband and internet service so that they, in turn, are able to provide the best possible service to pupils in terms of teaching and learning. There is therefore a business need to procure broadband and internet provision for schools at a similar level of service (or better) but with enhanced bandwidth, in a cost-effective solution, using the South East Grid for Learning (SEGfL) framework.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Whilst it would be possible for each school to procure their own broadband and internet service provision the additional costs incurred in terms of specifying, tendering and managing such a large number of individual contacts would result in a less cost effective solution.
- 4.2 The current centrally organised and managed contract has delivered a good service and no schools have indicated that they wish not to be included in the new arrangements.

5 SUPPORTING INFORMATION

- 5.1 Bracknell Forest Council currently has a contract with RM for the provision of broadband services to schools which ends on 31 August 2010. The Council therefore needs to procure suitable broadband and internet provision for schools at a similar level of service (or enhanced) with no loss of service continuity. There is also a need to enhance the bandwidth available to schools to enable full use to be made of on-line resources and the new learning platform.

- 5.2 Bracknell Forest is a member of and host Authority for the South East regional broadband consortium, the South East Grid for Learning (SEGfL). SEGfL has undertaken extensive work on behalf of all the LAs in the consortium related to the provision of broadband internet services, including producing a buyer's guide and a Framework Agreement. By using this framework, which has been established in accordance with EU procurement legislation, Bracknell Forest Council will save the very considerable cost of undertaking their own procurement exercise in accordance with OJEU procedures.
- 5.3 The LA is working to procure a new broadband service for schools from a list of approved providers on the recently updated 'SEGfL Framework for Broadband and Other Related Services' and will undertake a mini-competition issuing an invitation to tender to the four approved providers: Synetrix Ltd, Easynet Ltd, RM plc and Redstone Converged Solutions. The current provider is RM plc.
- 5.4 A key part of this process has been the formation of a stakeholder group representing a cross-section of schools within Bracknell Forest, with membership comprising varying roles, e.g. headteachers, network managers and IT coordinators. This group will inform the selection of an appropriate broadband provider and service.
- 5.5 The actual costs within the new contract are heavily influenced by the local telecommunications pricing structure (accounting for some 60% of the total cost), and the commitment to provide all schools in Bracknell Forest with a single user dedicated line, unlike those offered to domestic users which are shared between up to 50 houses.
- 5.6 Whereas the costs to BFC are very much on a "per school" basis, and related to distance from a telephone exchange etc., the charging system operated by the Council is one where schools are charged on a "flat rate + per pupil" basis. This evens out the postcode lottery effect and ensures a broadband access entitlement for every BFC pupil.
- 5.7 A Service Level Agreement exists between all schools and the LA for the provision of a broadband internet service.
- 5.8 The current network topology is a single 'hub and spoke' model that may not be suitable for the new system with an increased bandwidth offer from 10 Mbs to 100 Mbs for each secondary school and from 2 Mbs to 10 Mbs for each primary school.
- 5.9 The bandwidth available to each school is limited by the type of connection (i.e. copper cable or fibre optic) to each site. Fourteen primary schools do not have a fibre connection and additional capital costs will be incurred in order to provide such a connection.
- 5.10 The contract will be let for a period of three years with an option for two one year extensions (3+1+1). The new costs will not be available until completion of the tendering exercise but at this stage are estimated to result in revenue costs of £250k per annum plus one year initial capital costs of £150k which can all be met from current and future anticipated funding sources. The total estimated value over the five years of the contract is expected to exceed £1m, and under the Council's Contract Standing Orders will require Executive approval.
- 5.11 The invitation to tender were issued in December 2009 and will be evaluated in February 2010. A further paper will be prepared for the Schools Forum with details of the outcome of the procurement exercise, the levels of service provision, costs to schools and other relevant matters.

ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The SEGfL framework complies with the Public Contracts Regulations, and the proposed contract, if procured through that framework, will be procured in compliance with those regulations.

Borough Treasurer

- 6.2 The Borough Treasurer is satisfied that no significant financial implications arise at this stage.

Equalities Impact Assessment

- 6.3 The provision of high speed, reliable, filtered internet service to all learners in all schools provides equality of access to on-line resources for all learners.

Strategic Risk Management Issues

- 6.4 Should the Council fail to procure a new service for the provision of internet services to schools then the quality of education provision for children and young people will be affected adversely and the efficient and effective use of IT to communicate with schools and transfer management information will be severely curtailed. There is a high reputational risk to the council should the newly procured service prove to be unreliable and inappropriate to the needs of schools.
- 6.5 Whilst it would be possible to each individual school to procure its own internet service provision, in addition to the additional work required to ensure that all service requirements, including those related to safeguarding and filtered access are met fully, the costs could be considerably higher for some schools. If all schools do not wish to subscribe to the new SLA then there is a risk that the contact costs for other schools will increase significantly.

Other Officers

- 6.6 Discussion with members of the Council's procurement team has identified that the procedure proposed would be fit for purpose.

7 CONSULTATION

Principal Groups Consulted

- 7.1 Headteachers will be consulted throughout the procurement process.

Representations Received

- 7.2 N/A

7.3 Background Papers

South East Grid for Learning: Procurement Guide.

Contact for further information

Bob Welch: Chief Adviser: Learning and Achievement

This page is intentionally left blank

**TO: SCHOOLS FORUM
28 JANUARY 2010**

**2010-11 SCHOOLS BUDGET PROPOSALS
AND OTHER FINANCIAL MATTERS
(Acting Director of Children, Young People & Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek views from members of the Schools Forum on preliminary proposals from the Council for the 2010-11 Schools Budget. Initial views of the Schools Forum are now being sought so that a budget package can be amended if necessary in advance of the February Forum meeting where final recommendations will need to be made to the Executive Member in order to meet the statutory deadline for setting the budget.
- 1.2 The proposals in this report build on the outcomes from the financial consultation undertaken with schools in the autumn and now provide updated cost estimates for a number of the potential new developments.
- 1.3 Whilst the Executive Member is responsible for making most of the budget decisions, a number are for the Forum to determine, and these are also identified now, together with an initial assessment as to whether a request will be made for them to be exercised in February.

2 RECOMMENDATIONS

- 2.1 **The estimated increase in income of £2.895m as set out in Line 13 of Table 2 (paragraph 5.19) is NOTED.**
- 2.2 **By applying the agreed budget objectives to the estimated level of available resources, that funding for the following budget proposals are SUPPORTED:**
- i. **the unavoidable budget pressures estimated at £2.053m as set out in Table 3 (paragraph 5.23);**
 - ii. **the economies and new budget developments estimated at £0.841m as set out in Table 4 (paragraph 5.29);**
 - iii. **the £0.036m budget pressure relating to the Education Health Partnership and families facing domestic abuse at line 9 of Table 4 be classified as a Combined Services Budget (paragraph 5.32);**
 - iv. **the inflation allowances set out in Annex F, the cost of which is included in the pressures and developments listed in Tables 3 and 4;**
 - v. **That the annual uplift in payment to Early Years providers be set at the average increase in per pupil funding received by schools through the Funding Formula, currently estimated at 3.3% (paragraph 5.33).**
- 2.3 **That to set the proposed budget, it is NOTED that the Council is likely to seek permission to exceed the central expenditure limit (paragraph 5.53).**

- 2.4 That the following changes to school funding arrangements are AGREED:**
- i. Funding allocated to secondary schools based on test results moves over time to use 5 years of Key Stage 2 data (paragraph 5.45);**
 - ii. Funding allocated to secondary schools based on pupil eligibility to a free school meal continues to be based on January 2008 data, pending review from the 2010 census which may indicate a further amendment (paragraph 5.47);**
 - iii. That funding adjustments be made to the Kennel Lane Special School budget at the point of any changes in Band 5 pupils occur, rather than adjusting only from the termly census returns (paragraph 5.49);**
 - iv. That the Minimum Funding Guarantee payment to Brakenhale, currently estimated at £0.171m, be phased out in equal amounts over the next three years, with the savings re-distributed within the Schools Budget (paragraph 5.52).**
- 2.5 That the arrangements in place for the following are AGREED as appropriate (paragraph 5.59):**
- a. provisions for statemented pupils.**
 - b. pupil referral units and other education out of school.**
 - c. arrangements for insurance.**
 - d. administrative arrangements for the allocation of central government grants.**
 - e. arrangements for free school meals.**
- 2.6 That the extent to which the Forum is expected to be requested to exercise its statutory powers be NOTED (paragraph 5.61).**
- 2.7 In order that final budgets reflect the most up to date data, it is NOTED that there will be a need to revisit any preliminary budget decisions agreed now in February (paragraph 5.68).**
- 2.8 Any further work required by the Forum in respect of the 2010-11 budget is AGREED now (paragraph 5.68).**
- 2.9 NOTES the potential budget pressures that could arise in 2011-12 (paragraphs 5.62 to 5.66).**

3 REASONS FOR RECOMMENDATIONS

- 3.1** Statutory Regulations require the Schools Forum to be consulted on relevant budget proposals and arrangements in place for the provision of services to schools.
- 3.2** Initial views of the Schools Forum are now being sought so that a budget package can be finalised in February and recommended to the Executive Member for a final decision on the 2010-11 Schools Budget within the statutory deadline.
- 3.3** The Schools Forum also needs to consider whether any request to exercise their statutory decision making powers will be agreed.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 These were set out in the finance consultation documents and previous reports to the Schools Forum.

5 SUPPORTING INFORMATION

Introduction

- 5.1 By 31 March 2010, all Local Authorities (LAs) have a statutory duty to provide each of their schools with an actual budget for 2010-11. Unlike in previous years, there are no forecast budgets available for the future as this is the last year of the current spending review cycle and the Government has yet to publish future funding allocations for LAs that can then be passed on to schools.
- 5.2 At its meeting on 22 October 2009, the Forum agreed that the Acting Director of Children, Young People and Learning be authorised to distribute a consultation paper to schools seeking views on potential budget pressures for 2010-11 and their relative importance. This would then be used to inform the calculation of indicative 2010-11 budgets that would be distributed to schools in December to aid with their initial budget planning. The outcomes from this consultation are set out in Annex A of which Table 1 below shows a summary. The calculation of available funding to set this total is summarised below in Table 5 at paragraph 5.38.

Table 1: Budget changes included in indicative 2010-11 individual school budgets

Item	Delegated £000
Unavoidable pressures: As agreed with schools (includes inflation at 2.1%) changes in pupil numbers, SEN needs and other data used for funding purposes.	1,538
School priority developments:	
Administrative pressures	80
Additional 0.5% inflation (total now 2.6%)	236
ICT hardware replacement	90
Reduced primary school meals subsidy	-20
Total identified school priorities	386
Unallocated balance – distributed on a per pupil and fixed lump sum amount per school	175
Total proposed increase	2,099
Cash	4.10%
Per pupil	3.30%

Proposals for the 2010-11 Schools Budget

Overview of the Schools Budget

- 5.3 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG) which provides LAs with up to three year budget allocations linked to central government Spending Review cycles, of which the current cycle ends at 31 March 2011. Any under or overspending in a year must also be ring fenced and applied to a future Schools Budget. LAs can add to this grant from their own resources, but are not allowed to plan to spend at a lower amount. The strategy of the Council is to plan for the Schools Budget to be funded to the level of external funding and to have a net nil balance at the end of the three year period. This anticipates the DSG and other income for the period being fully spent and any under or overspending from previous years being absorbed in the financing of the final year's budget. In addition, where there is a brought forward deficit at the start of a three year funding period, there should not be a planned increase to this.
- 5.4 The Department for Children, Schools and Families (DCSF) requires the DSG to fund delegated school budgets and certain pupil related budgets that the Council manages on behalf of schools. Annual increases in spending on budgets managed by the Council are ordinarily limited to the average percentage increase on both delegated school budgets and payments to private, voluntary and independent sector early years providers. However, if there are unavoidable cost increases on Council managed budgets that require a greater percentage rise, or new developments are considered desirable, the Forum has the power to agree to larger increases.
- 5.5 Each school is guaranteed a minimum per pupil increase through the Minimum Funding Guarantee (MFG) which for each of the three years in the current spending review cycle will be a headline 2.1%. For the first time, this has been set below the estimated level of unavoidable national cost pressures, with a 1% efficiency saving built into the calculation.
- 5.6 Whilst the MFG is headlined as a 2.1% increase in annual per pupil funding, this is misleading, as the calculation has to be made after deducting funding for rates, statemented pupils and Newly Qualified Teachers (approximately 6% of the total budget). The 2.1% guarantee is then only applicable to schools with no change in their number on roll, and there were no schools in this position on indicative 2010-11 data. Where there is a change in number on roll, the incremental per pupil increase or decrease has to be calculated on a marginal cost basis i.e. schools with rising rolls only get a reduced share of their average per pupil funding to reflect the fact that some of their costs are fixed and don't change directly in proportion to pupil numbers. The same applies for schools with falling rolls in that they only get a marginal per pupil deduction. For the current spending review cycle, the marginal rate of funding is 80% for primary schools and 87.5% for secondary schools. These amounts reflect average proportions of per pupil funding in LA Funding Formulas. Therefore, in general, the MFG for schools with rising rolls is expected to be lower than 2.1% and for those with falling rolls, greater than 2.1% with the lowest possible increases being experienced at schools with the biggest percentage change in pupil numbers.

Estimated income from the DSG and accumulated balances

- 5.7 Income for each financial year from the DSG is based on actual pupil numbers in schools at the January prior to the start of each financial year multiplied by per pupil amounts as set by the DCSF. A relatively accurate assessment of pupil numbers will not be available for budget setting purposes until the middle of February, after school returns have been collated and verified. Per pupil DSG values are available now and have been set at £4,017 for 2008-09, £4,177 in 2009-10 and £4,367 in 2010-11. These represent annual increases in per pupil funding of 4.7%, 4.0% and 4.6%. These increases are considerably lower than the 7.3% and 6.8% increases received in 2006-07 and 2007-08.
- 5.8 The DSG allocation for the next year includes a guaranteed increase in per pupil funding for each LA of 2.9%. Extra funding has been included for the key Ministerial priorities of personalised learning and funding for LAs previously spending below the level expected by the government. This results in all LAs receiving higher increases in funding than needed to meet the MFG, thereby providing “headroom” for LAs and their Schools Forum to direct funding to national and local priority initiatives.
- 5.9 For 2010-11 the Council will receive extra funding for Ministerial priorities of £0.828m in respect of expanding personalised learning and £0.177m as an LA previously spending below the expected level.
- 5.10 The DCSF financial settlement also included information relating to deprivation funding. Forum members will recall that the DCSF has indicated that LAs allocating less than 80% of the proportion of deprivation funding included in their DSG to schools through deprivation measures will be required to make changes in order to meet the target.
- 5.11 Deprivation measures allocate 5.8% of the funding received by the Council through the DSG. A part of the budget strategy is to maintain the current level of funding schools through deprivation measure at 90% of the DSG proportion, and this may require greater use of deprivation measures when allocating new funds to schools, although initial calculations based on the proposals in this report indicate that the 90% target should be met without any specific actions.
- 5.12 For information, Annex B sets out highlight financial information for the current spending review cycle from 2008-11.
- 5.13 As stated above, the final amount of DSG is unknown at this stage as it will be determined by multiplying the guaranteed per pupil amounts by the actual number of pupils on roll, which the DCSF does not confirm until June each year which is after the start of the relevant financial year. As there is a statutory requirement to publish the Schools Budget before the start of each year, it will always be set on provisional data, and may therefore be subject to change when final DSG amounts are confirmed.
- 5.14 It is worth reminding members of the Forum that this calculation is not just based on pupil numbers in maintained schools, but also those on roll in private special schools, those receiving education out of school, e.g. in a pupil referral unit, and early years pupils in the private, voluntary and independent sectors, which means that a sizeable element of head count data (around 700 out of 15,000 pupils) is subject to estimation.
- 5.15 For current planning purposes, the October maintained school census has been used as a projection for January 2010 pupil numbers in BFC schools. We do not have any

up to date data for DSG pupils in other settings, so at this stage are using the numbers on roll in January 2009.

- 5.16 In terms of the estimated balances available to the Schools Budget, based on monitoring information available at August, a forecast underspend of £0.128m was reported to the Forum. Subsequent to this, additional unplanned expenditure has been necessary, mainly around Special Educational Needs placements and an over spend of £0.017m is the revised estimated outturn, based on information available at December.
- 5.17 A contingency has been built into the pupil forecasts used to estimate the level of DSG income to cover a possible over estimation of numbers or an under estimation of costs. This has initially been set at £0.240m and reflects the uncertainty around the exact number of pupils on roll, and therefore level of income to be received, and needing to manage high cost, volatile central budgets, mainly around Special Educational Needs. As set out above in paragraph 5.16, the balance in the Schools Budget at the end of 2009-10 is also forecast to be a minor over spend, but this is also subject to change, and therefore, at this stage, £0.240m is considered a prudent amount of contingency.
- 5.18 Taking account of current information, Table 2 below sets out the initial estimate of likely income from the DSG and accumulated balances together with the annual increase available to allocate to new cost pressures and developments.

Table 2: Breakdown of estimated DSG and available balances for 2010-11

Ref	Item	2010-11
1	DSG pupil numbers in maintained schools	14,245
2	DSG pupil numbers other than maintained schools	700
3	Contingency for overstatement of pupil numbers and unforeseen cost increases	-55
4	Total estimated pupil numbers	14,890
5	Annual change	0.3%
6	Guaranteed DSG per pupil funding	£4,367.28
7	Annual change	4.6%
8	Total Estimated DSG Income	£65.027 m
9	Current base budget for DSG in 2009-10	£62.115 m
10	Change in DSG	£2.912 m
11	Annual change	4.7%
12	Estimated balances (over spend)	-£0.017 m
13	Change in funding	£2.895 m

Budget strategy

- 5.19 Following consultation with schools, the Forum has agreed a budget strategy to be adopted in setting the Schools Budget for each year and this has been applied throughout this report. Annex C details the strategy in full.

Budget pressures, inflation allowance, economies and new developments

Background

- 5.20 As set out above, financial information relating to delegated school budgets, the largest and most significant element of the Schools Budget, was distributed to schools on 16 December via a financial modelling spreadsheet.
- 5.21 Whilst the indicative school budget notifications reflect current data, they will be subject to further amendment once the School Census data is available in the middle of February as this provides the actual pupil numbers and other data used for funding purposes such as pupil eligibility to free school meals, which taking account of the current economic climate are expected to increase. In advance of the School Census, as individual schools gather more up to date data themselves, such as pupil transfers, they can amend the key elements of the initial data included on their indicative budget spreadsheet to automatically generate a revised forecast budget. The spreadsheet can undertake 'what if?' scenario modelling, so provides important and flexible financial planning information to schools.
- 5.22 Taking account of the forecast level of income and likely costs, the following paragraphs set out proposals for a balanced budget that ensures unavoidable cost pressures are fully funded, new budgets are allocated to high priority developments and that all schools see a reasonable and consistent increase in their budget, provided their pupil numbers and other data used for funding purposes, such as pupil eligibility to a free school meal, remain fairly stable.

Unavoidable budget pressures

- 5.23 Responses to the finance consultation agreed that a number of budgets, both delegated to schools and centrally managed by the LA were unavoidable and should be a first call on any increase in funding. These items are listed in Table 3 below, with updated estimates from the consultation with schools where relevant. Annex D provides more information.

Table 3: Summary of estimated unavoidable budget pressures –2010-11

Ref	Item	Amount £000
<u>Delegated school budgets:</u>		
1	Inflation (up to level of MFG):	£1,064
2	Mainstream pupil number changes	£250
3	New Jennetts Park School	£20
4	KLS pupil number changes	£83
5	Mainstream statements number / needs changes	£40
6	Non pupil data changes e.g. extra free school meals	£72
7	Fee to Independent Safeguarding Authority	£9
	Sub total delegated school budgets	£1,538

Ref	Item	Amount £000
<u>LA managed budgets:</u>		
8	Inflation (up to level of MFG)	£170
9	SEN provisions and support (net of LSC grant)	£243
10	SIMS license fee costs	£40
11	Early Years pupils in private sector settings	£40
12	Full year effect of 2009-10 budget decision to fund occupational therapy service for schools	£21
	Sub total LA managed	£515
	Grand total unavoidable pressures	£2,053

- 5.24 In the light of more up to date data, there are two changes in the presentation of data compared to the consultation with schools. The £0.020m pressure on delegated school budgets from increases in SIMS licence fees arising from an upgrade required from the software provider has now been identified as relating to Council managed items and has therefore been moved to this area of the budget (line 10). There was also a provisional £0.040m pressure around statutory changes in arrangements from elective home education which is expected to include a registration scheme that will require additional resources and additional support for parents and carers. This has been removed from the budget proposals as the DCSF has indicated that additional resources will be provided to LAs to fund this new requirement.

Inflation Allowance

- 5.25 Basic inflation allocations have also been agreed as unavoidable, and therefore included in Table 3. The budget strategy for funding inflation on delegated school budgets has previously been to apply the MFG rate of 2.1% to most items, the main exception being to fund budgets allocated to schools on an actual cost basis, such as rates, insurances and other services bought back from the LA, which are funded at the level of anticipated cost increase.
- 5.26 In terms of inflation allowances for budgets managed by the LA, it is proposed that the same principles be applied as those to delegated school budgets. Again, for most items it is proposed to allow the MFG rate. For support to schools in financial difficulty, no inflation is proposed, whilst SEN budgets are proposed to be inflated by 1.0% which reflects the rates the Council expects to be able to negotiate with providers based on initial discussions.
- 5.27 As the 2.1% MFG rate is below the November 2009 increase in Retail Prices Index of 0.3%, it is appropriate to re-consider this element of the budget strategy. A 2.3% increase in Teachers Pay has already been agreed for next year, and this represents around 65% of total school expenditure. Assuming a Local Government Pay award of 0.5% to the 23% of spend this represents, and a general increase of 0.75% on all other items implies an average inflation rate of 1.7% for schools next year.

- 5.28 Whilst the average increase in costs that schools face may well be below the 2.1% MFG rate, one of the key elements of the budget strategy is that all schools receive a reasonable increase in budget each year. Furthermore, if any schools receive lower than the MFG required increase an appropriate addition will have to be made anyway, and therefore the existing policy of funding inflation at the MFG rate is proposed to continue.

Economies and new developments

- 5.29 In addition to agreeing that a number of budget pressures were unavoidable and needed to be funded, school responses to the financial consultation also agreed an order of priority for developments relating to delegated school budgets which the Forum is recommended to agree. These meet the objectives set out in Annex C with the latest costing information summarised below in Table 4. Table 4 also includes developments proposed to budgets managed by the Council. This Table also includes an additional 0.5% inflation allowance, in accordance with the wishes of schools. Annex E provides more information on economies and developments.

Table 4: Estimated economies and developments for 2010-11

Ref	Item	Amount £000
<u>Delegated school budgets:</u>		
1	Caterhouse school meals contract	-£20
2	Additional 0.5% inflation	£236
3	IT hardware replacement	£90
4	Administration hours	£80
5	Balance allocated; 85% pupils, 15% lump sum	£175
	Net developments to school budgets	£561
<u>LA managed budgets:</u>		
6	Additional 0.5% inflation to standard 2.1%	£27
7	Fee increase to private sector Early Years Providers	£47
8	School contingency (will be allocated to schools)	£125
9	To fund loss of grants	£76
10	Emergency procedures to support schools	£5
	Net developments to LA managed budgets	£280
	Total net new developments	£841

- 5.30 Subsequent to the closure of the consultation period, the December Head Teachers meeting raised concerns around pressures arising from increased administrative burdens, and whilst this was not raised through the consultation process, due to the comments at this meeting, it is proposed to add this item to the list of pressures as the highest priority. A pressure has therefore been added at £0.080m which duplicates the new funding added to school budgets in 2009-10 for increased administrative support.
- 5.31 The development at line 7 of Table 4 when added to the 2.6% standard inflation allowance ensures that private sector early years providers receive the same overall increase in per pupil funding as the average proposed for maintained schools (currently estimated at 3.3%). This funding policy has been agreed for the last two years and is proposed to be applied again in 2010-11. A separate paper on the agenda seeks agreement from the Forum to changes to the way that early years providers are funded from April 2010.
- 5.32 Within line 9 there are two items that are proposed to be classified as combined service budgets as they relate to the Every Child Matters Agenda and current funding provisions are no longer available. This relates to the Education Health Partnership (£0.030m) and support to families facing domestic abuse (£0.006m). The Schools Forum has to agree to any budgets categorised in this way and a separate recommendation on this has been included.
- 5.33 Table 4 above also has two further changes from the initial consultation document with schools. Line 10, emergency procedures to support schools was initially set out to be an item to be added to delegated school budgets for schools to choose whether they purchased the Forestcare Service. From a strategic point of view, for the Council to be able to promptly and effectively manage school emergencies, and to reduce the risk of problems arising, it is now proposed that the service is bought for all schools and paid from a centrally managed budget thereby ensuring one set of policies and procedures are adopted in all schools. The second change relates to the £0.050m budget development proposed around maintaining strategic leadership of the 14-19 agenda once a time limited grant expires. It is now expected that sufficient funds are available to maintain this post in 2010/11 and the pressure has been removed.
- 5.34 Two budget developments were identified by schools through the consultation, neither of which are proposed to be taken forward at this stage. The first related to allocating funds to the two secondary schools that are not being resourced to maintain a pupil inclusion unit which is aimed at reducing pupil exclusions. Due to very low rates of exclusions at the schools concerned, this development is not considered necessary. The second relates to additional costs at voluntary aided schools who undertake their own admissions arrangements rather than have them processed by the Council. Relevant schools have been asked to provide information to support any cost pressures and once this has been received, depending on the outcome, a proposal may be made to allocate funds at the February meeting of the Forum.
- 5.35 Table 4 also indicates that all identified pressures against school budgets have been funded, with line 5 showing that £0.175m of funding is unallocated, and in accordance with the budget strategy will be distributed 85% on the basis of number of pupils and 15% as an equal lump sum allocation.
- 5.36 Taking account of the proposals above regarding inflation, Annex F sets out a list of proposed rates to be funded in each next year's budget. This includes the 2.1% standard MFG element and also the proposed additional 0.5%.

Summary of provisional Schools Budget position

- 5.37 The budget proposals set out above have been formulated in accordance with responses from schools to the financial consultation, the objectives set out in Annex C, paying particular attention to consistent increases in per pupil funding, and the Council's strategy for the Schools Budget which requires a net nil balance at the end of the three year funding period and no increase in brought forward deficit.
- 5.38 Table 5 below sets out a summary of the budget proposals, divided between those relating to delegated school budgets and those managed by the LA.

Table 5: Schools Budget proposals for 2010-11

Table / Annex X ref	Item	2010-11 £000
	<u>Income:</u>	
2	Change in income	£2,895 4.7%
	<u>Expenditure:</u>	
	<u>Delegated school budgets:</u>	
3	Total pressures (unavoidable)	£454
3	New Jennetts Park Primary School	£20
3	Total inflation (unavoidable)	£1,064
4	Total economies	-£20
4	Total new developments	£406
4	Total unallocated balance	£175
	Total increase in delegated school budgets	£2,099
	Cash	4.1%
	Per pupil	3.3%
	<u>LA managed budgets:</u>	
3	Total pressures (unavoidable)	£344
3	Total inflation (unavoidable)	£170
4	Total economies	£0
4	Total change in contingency	£125
4	Total other new developments	£120
4	Total combined services	£36
	Total increase in LA managed budgets	£796
	Cash	7.1%
	Total overall increase	£2,895

Potential for further changes

- 5.39 The main area that could still be subject to significant change relates to updating the January 2010 forecast pupil numbers with actuals. This is the single most significant variable in terms of both the level of DSG income and budget allocations to individual schools and early years providers.
- 5.40 A view on the level required for the schools contingency will need to be taken in February and at this stage a provisional amount of £0.125m growth has been included. Agreeing this budget is a responsibility of the Forum, and will in particular need to take account of the likelihood of in-year growth allocations to schools experiencing significant increases in pupil numbers (which are defined as an increase of 20 or more statutory aged pupils between January and September) and changes arising from the new funding arrangements for Early Years Providers. There could be a number of in-year allocations if the significant housing developments at Jennetts Park and the Staff College and Met Office sites progress.
- 5.41 More up to date information on the financial effect of the above items will be available for the next meeting of the Forum in February.

Other items

Test results

- 5.42 Test results are used in Formula Funding for Personalised Learning and Educational Need and are an important element as they allocate around £1m of funding, split roughly half and half between primary and secondary schools. In Secondary schools a combination of KS2 and KS3 results are used representing Years 7-11. This comprises three consecutive years of KS2 results for Years 7-9 and 2 consecutive years of KS3 results for Years 10-11 and funds both low and high attainers, in the ratio 90:10.
- 5.43 To ensure this reflects current attainment, each new financial year, test results are updated by adding in the latest results at KS2 and KS3 and removing the oldest sets of results, so retaining 3 sets of results at KS2 and 2 sets of results at KS3. However, the change in government policy, which ceased testing at KS3 after May 2008, now means that one set of the data used for funding purposes is no longer available and an alternative is required.
- 5.44 Teacher assessments at KS3 are available, but these are not considered sufficiently robust for Formula Funding purposes due to their subjective nature. Existing data could be fixed, but over time this is likely to become unrepresentative of a school's changed population. Therefore it is proposed that from 2010-11, KS3 results start to be phased out in favour of over time using KS2 tests only. This means that 4 consecutive years of KS2 test results plus 1 year of KS3 results will be used for Formula Funding in 2010-11. For 2011-2012, 5 consecutive years of KS2 results will be used with no KS3 input at all. This returns Formula Funding for attainment to that used up to 2008-2009.
- 5.45 The Forum is recommended to agree this approach to future funding attainment in secondary schools, subject to endorsement by the Executive Member.

Free school meals (FSM) data

- 5.46 In light of unexpected outcomes from the January 2009 census around pupil eligibility to FSM, where if the normal budget build approach had been adopted, there would have been a £0.064 million increase in funding to primary schools (+31%), and a £0.131 million reduction in funding for secondaries (-48%), with one school losing £0.056 million, equivalent to 1.5% of budget, the Schools Forum agreed that secondary schools would continue to be funded on their January 2008 data. This is at a time when pupil eligibility has increased by 14% in primary schools and decreased by 12% in secondaries. The intention was to review this during 2009, however, to avoid funding turbulence during the last year of the current spending review cycle, no change is now proposed for indicative budgets.
- 5.47 The Forum is recommended to agree that a decision on any change from this is deferred until the outcome of the January 2010 census is known, which will be available for the next Forum meeting.

Funding high cost pupils at Kennel Lane Special (KLS) School

- 5.48 KLS is funded on the basis of pupil needs, categorised by “banding”, rather than age, which is the method used for mainstream schools. The highest level of funding is set at Band 5 and is allocated where there is a need for 1 adult to support a child individually. Whilst the current funding arrangements are appropriate to support the school during in-year changes in pupil numbers and their “bandings” through termly re-calculations, off-setting deductions on one banding to increases on others, making a net payment where relevant (note, the budget is never reduced, only increased), it is not always possible to accommodate additional Band 5 pupils in this way as there is an immediate and significant additional staffing need which increases costs.
- 5.49 It is therefore proposed to adjust funding for Band 5 pupils – either changes in pupil need, new placements, or reductions from leavers – at the point a change occurs and not be dependent only on the pupils on roll at the termly census. This calculation would be independent of the impact of changes in pupil numbers on other bandings and could result in either an increase or decrease in funding. This proposal is supported by the Head teacher of KLS and is seen as a cost effective way of maintaining some pupils in a BFC school rather than being moved to the PVI sector. The Forum is recommended to agree that this change is made subject to endorsement of the Executive Member.

Minimum Funding Guarantee (MFG)

- 5.50 The MFG must be applied to ensure that all schools receive the minimum per pupil funding increase determined by the DCSF (currently 2.1%) if this is not ordinarily received through the application of the Funding Formula. Once a school receives the MFG it is embedded into their base budget and included in the initial starting point to calculate the minimum increase from one year to the next. The effect of this is where there is a substantial level of top-up from the MFG, it can take a long time for the protection to be removed, and as a result, schools can for a long period receive a much better budget than is required from their changed circumstances.
- 5.51 In recognition of potential budget anomalies, Funding Regulations allow for the Schools Forum to overrule the application of the MFG. In reviewing the MFG calculation, the Forum is requested to consider whether the £0.171m allocation to Brakenhale should continue as the financial circumstances at the school have changed considerably over the last few years and it can be argued now that the MFG

protection is no longer required. It is therefore proposed that this top-up funding is phased out by removing a third of the 2010-11 calculated amount in each of the next three years, resulting in a £0.057m budget reduction to the MFG allocation. The savings from the reduction to the MFG will be available for re-distribution to all schools, not just secondary schools, as additional headroom. Table 6 below sets out the indicative per pupil funding for each secondary school, excluding business rates as this allocation has no impact on a school's spending power as it is charged at budget, but the rating assessment can vary considerably between schools, and therefore distort per pupil comparisons. Full removal of the MFG would result in Brakenhale receiving the second highest per pupil funding allocation.

Table 6: Indicative 2010/11 per pupil funding allocations to secondary schools

School	Statutory NOR (October 2009)	Budget (Excluding Rates) £	Per Pupil Funding	
			Amount £	Proportion of largest amount
Brakenhale	845	£3,694,415	£4,372	100.00%
Easthampstead Park	822	£3,445,376	£4,191	95.87%
Edgbarrow	953	£3,694,327	£3,877	88.67%
Garth Hill College	1,173	£4,495,997	£3,833	87.67%
Ranelagh	734	£2,945,452	£4,013	91.78%
Sandhurst	1,005	£4,002,958	£3,983	91.10%
Average	922	£3,713,087	£4,027	
Brakenhale with reduced MFG:				
2/3rds MFG		£3,637,332	£4,305	
1/3 rd MFG		£3,580,249	£4,237	
No MFG		£3,523,166	£4,169	

- 5.52 This is a sensitive issue, but Table 6 above clearly shows the relatively generous budget being received, when expressed on an amount per pupil basis. Discussions on this proposal have been undertaken with the Head teacher who has agreed the rationale behind the proposal but expressed concerns around the impact on educational performance once the full amount of MFG funding had been withdrawn. Therefore, should this proposal be agreed, the affect on the school would be closely monitored. The Forum is recommended to agree this approach to the future funding of Brakenhale through the MFG, subject to endorsement by the Executive Member.

Limit on central expenditure

- 5.53 If the budget package set out above is supported, it seems likely that a proposal will be brought to the next meeting of the Forum requesting consent to exceed the central expenditure limit as LA managed budgets would increase by a greater percentage than delegated school budgets.
- 5.54 Should the Forum not agree to a LA proposal to exceed the central expenditure limit, an appeal can be made to the Secretary of State for reconsideration.

Grant funding

- 5.55 In addition to the budget allocated through the Funding Formula, schools also receive grant funding, which is outside the control of the Council. Specific government grants include the Schools Standards Grant, including the personalisation element (estimated at £2.989 million for both strands), the School Development Grant (£2.509 million), School Lunches Grant (£0.156m) and Devolved Formula Capital (£1.117 million). In general, schools can expect a 2.1% increase in per pupil funding from these funding streams. This rise is in line with the increase in MFG. Provisional allocations from these grants were provided to schools on their indicative budget notifications.
- 5.56 Other government grants will also be payable to schools, mainly through the Standards Fund. More information on this will be reported to the February meeting of the Forum, provided updated information is available from the DCSF.
- 5.57 Secondary schools also receive grant funding to finance their sixth forms (initially £4.635 million in 2009-10). This has previously been paid by the Learning and Skills Council (LSC), but from April 2010 will be received from the Young People's Learning Agency, with LAs having more involvement in the funding and commissioning of post 16 provisions from this point. In the interim, indicative allocations for 2010-11 will be calculated by the LSC and are expected to be available this month, with final allocations, again to be calculated by the LSC, published in March. In addition, further specific funding will be received by the LA to support post 16 pupils with special educational needs. The allocation for 2009-10 was £0.525 million and funds provisions at Kennel Lane Special School and other out of borough SEN providers.
- 5.58 A number of secondary schools will also be providing new 14-19 diploma courses from September 2010, of which a briefing has previously been provided to the Forum. This will result in additional revenue funding being allocated to relevant schools at £1,000 per Key Stage 4 diploma learner. This is in addition to the per pupil funding received through the Council's Funding Formula for Schools and is assigned to the learner and will therefore be allocated to the learner's 'home' school. Part of these new provisions involve collaborative work between schools and there will need to be an agreement about passing funding from the home school to an alternative provider should the learner be receiving part of their programme at another institution.

Other budget matters

- 5.59 The LA is also required to formally consult with the Forum on an annual basis in respect of the arrangements put in place to deliver a number of specified functions. Listed below are the relevant items, none of which are proposed to be changed:
- a. The education of pupils with statements of special educational needs (where not delegated);
 - b. For the use of pupil referral units (PRUs) and the education of children otherwise than at school;
 - c. Insurance;
 - d. Administrative arrangements for the allocation of government grants paid to schools;
 - e. Arrangements for free school meals.

In addition, arrangements for early years also need to be presented to the Forum for comment and this is being done through a separate paper on this agenda.

- 5.60 The LA is also required to seek approval from the Forum regarding proposed revisions to the Scheme for Financing Schools. This is the legally binding document that sets out the financial responsibilities on the LA and schools, and at this stage, no changes are anticipated.

Decisions for the Schools Forum

- 5.61 In certain circumstances, the Schools Forum has a statutory decision making power. These are set out below with a comment at the end of each item to indicate the likelihood of the Council requesting a decision, which where necessary, will be brought to the February meeting of the Forum:
- a. a Local Authority proposal to increase its central expenditure to exceed the limit. It is likely that the Council will seek this permission from the Forum;
 - b. a Local Authority proposal to increase its central expenditure in relation to either the initial determinations or any subsequent redeterminations of a future year's Schools Budget (even where this does not result in a breach of the central expenditure limit). This regulation is not relevant for 2010-11 as this is the last budget in the current planning cycle; and
 - c. a Local Authority proposal to deduct from its Schools Budget expenditure under the following circumstances:
 1. expenditure on financing capital debt, where there is at least an equivalent saving on revenue allocations to schools. There are no plans from the Council to seek this permission;
 2. expenditure in respect of premature retirement of, or for the purposes of securing the resignation of, any person employed in a maintained school. Any proposal should be able to demonstrate that there are accompanying revenue savings to the Schools Budget that are equal to or greater than the costs incurred. There is approximately £0.050m set aside in the Schools Budget for this purpose which the Council considers an appropriate level (subject to annual uplift for inflation);
 3. expenditure on school specific contingency. Local Authorities are required to hold centrally any funding required to implement amendments to school budget shares as provided for by their Funding Formula, in a school specific contingency. Funding held in the school specific contingency centrally should only be needed where, as a result of the recalculations of school budget shares under the provisions of a local authority's Funding Formula, there is a net cost arising. For Bracknell this will mainly cover support to statemented pupils, including any redeterminations required for Kennel Lane Special School. It can also be used, in accordance with the previously agreed criteria to provide additional funds to schools experiencing significant in-year growth in pupil numbers. The February meeting of the Forum will need to agree an appropriate budget for this item and a proposal will be made by the LA at that time;
 4. expenditure by schools on unexpected costs. This basically covers the type of allocations historically made by the LA. There is approximately £0.020m set aside in the Schools Budget for this purpose which at this stage, the Council considers an appropriate level;

5. expenditure on combined services with Children's Social Care. The Forum has previously agreed funding of £0.664m for these types of activity (subject to annual uplift for inflation), and there are proposals to increase this amount by £0.036m, as set out above in paragraph 5.32;
 6. SEN transport. Limited to where there are consequential savings made in the Schools Budget due to the placement of a pupil in maintained provision who was previously placed in non-maintained provision, the transport costs arising from this, which would otherwise fall in the LA Budget, can be charged to the Schools Budget on condition that they are less than the savings generated and the Schools Forum agrees. There are no plans to seek consent to this type of budget.
- d. To approve changes to the scheme for financing schools, provided the scheme meets the minimum requirements specified in regulations. There are no plans at this stage to seek changes to the scheme.
 - e. To agree abatement of the MFG where aspects of it produces anomalous outcomes that affects less than 50% of pupils in schools. A proposal relating to this power regarding the additional funding received by Brakenhale is set out in paragraphs 5.50 to 5.52.
 - f. Approval to changes to the funding formula for schools after the start of a three year budget period. At this stage it not anticipated that such permission will be sought from the Forum.

2011/12 budget matters

- 5.62 Two significant cost pressures could arise from 2011-12 and whilst these are outside of the current spending review period and therefore the scope of next year's budget, they are presented now to the Forum for information. Cost estimates are not available for either item at this stage.

Funding for 4 year olds

- 5.63 The DCSF has issued a consultation on 4 year old funding proposing that all admission authorities must provide for admission of all children in the September following their fourth birthday. At present it is their fifth birthday. If agreed, this will be implemented from 2011. Clearly, this could present a significant cost pressure on the current part time funding rates.

Job Evaluation and equal pay

- 5.64 The Council is currently undergoing a review of the job evaluation scheme. This is due to the fact that the current job evaluation scheme does not fully reflect modern equalities standards nor fairly reflect all key job features. A project group has been established, including support staff trade unions, with the aim of producing an improved scheme that will be fair and reduce the risk of claims for equal pay.
- 5.65 An improved scheme has been developed and the next phase of the project is to evaluate job roles. This process will begin in February and should be completed by June 2010. This will result in a pool of recommended job descriptions and grades for all school based support staff posts. Whilst this exercise excludes national pay scales

for teachers, there is the potential for a significant cost increase which will need to be funded through the Schools Budget.

- 5.66 Aside from this exercise a new body has been established in the School Support Staff Negotiating Body (SSSNB). This body will agree a pay and conditions framework and design national job profiles to cover core support staff roles in schools. This could result in a new pay structure being introduced. There is still some uncertainty as to how this will be developed and introduced. In the meantime local authorities are asked to ensure that school support staff continue to be included within their own job evaluation reviews.

Conclusions

- 5.67 Based on current information, this paper presents a set of affordable budget proposals which allow for a steady and constant increase in budgets to all schools and full funding in 2010-11 for all identified unavoidable cost pressures and new budget developments.
- 5.68 Further data changes from the January School Census are expected, and depending on their significance, revisions to this proposed budget may be required in February when final decisions on these matters will need to be taken together with requests to the Forum to agree matters relating to its statutory powers. Further work on changes to these proposals or new areas for consideration can be undertaken in the meantime if required by the Forum, but they will need to be identified now if the resultant work is to be complete within the budget setting timetable.
- 5.69 The Executive Member is responsible for deciding where the increase in DSG should be applied in the Schools Budget, and in making these decisions will consider any comments arising from this report and any further comments that may be made in February. These final Executive Member decisions are expected to be taken in March, with schools receiving their actual 2010-11 budget notifications shortly afterwards.
- 5.70 For information, a DCSF guidance note for local Authorities and Schools Forums in setting budgets for 2008-09 to 2010-11 and what needs to be taken into account is attached at Annex G.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal requirements are contained within the body of the report.

Borough Treasurer

- 6.2 The financial implications arising from this report are set out within the supporting information. These are provisional calculations and subject to review once data is available from the January 2010 school census and other appropriate returns. The final Schools Budget will be limited to the level of available external funding, mainly from the DSG and other specific government and non-government grants.

Impact Assessment

- 6.3 There are no specific impact assessments arising from this report. These will be considered should any of the proposals be agreed.

Strategic Risk Management Issues

- 6.4 A sum of £0.240 million has been deducted from the anticipated level of DSG income to meet the possibility of an over estimation of pupil numbers in the calculation of DSG income and the costs of unpredictable or unforeseen items that would represent in year budget risks. The Executive Member will need to consider whether this is an appropriate amount.

Other Officers

- 6.5 There are no issues arising from this report that are relevant to other officers.

7 CONSULTATION

Principal Groups Consulted

- 7.1 Schools.

Method of Consultation

- 7.2 Written consultation document with written responses to the Acting Director of Children, Young People & Learning.

Representations Received

- 7.3 Included in this report.

Background Papers

Schools Forum (England) Regulations 2007
Various reports to Schools Forum:

Contact for further information

David Watkins, Chief Officer: Performance and Resources (01344 354061)
David.watkins@bracknell-forest.gov.uk

Paul Clark, Head of Departmental Finance, (01344 354054)
paul.clark@bracknell-forest.gov.uk

Doc. Ref NewAlluse\Executive\Schools Forum\43)280110\2010-11 Schools Budget proposals – Jan 2010.doc

Outcomes from Financial Consultation with Schools and preliminary changes included in 2010-11 indicative school budgets

Process

1. The process of sending schools indicative budgets in the autumn term before the commencement of the new financial year is well established in BFC and is welcomed by schools as an important part of their financial planning processes. In calculating these indicative budgets, account needs to be taken of the statutory framework, the BFC budget strategy that has previously been agreed with the Schools Forum, which is set out at Annex B, and the views of schools.
2. Once three year budgets plans have been agreed at the start of a spending review period, after which changes to school funding are not ordinarily allowed, indicative budgets are sent out following 2 brief consultations with schools. The first of which sets out the range of budget developments the LA has identified for consideration and asks for schools to identify any further items, with the second used to gather views from schools on the relative importance of each identified proposal so that funds can be properly targeted if these are insufficient to cover all developments. Views are also sought on which pressures are unavoidable, and therefore to be funded before consideration of any new developments. This process also needs to take account of budget items that the Council is responsible for and which are funded from the Schools Budget.

Outcome from consultations

3. From the first consultation, schools identified 2 pressures in addition to those set out by the LA. The second consultation received responses from 14 (38%) schools and ranked the pressures as set out below in Table 1.

Table 1: School ranking of potential budget developments for 2010-11

ITEM	TOTALS		
	PRIMARY	SECONDARY	OVERALL
B Additional 0.5% inflation above MFG	1	1	1
C ICT hardware replacement (4th year of 4 year programme)	2	3	2
E Learning support units to be funded at all secondary schools (would add Edgbarrow and Ranelagh)	4	2	3
D Emergency procedures support (provided by Forestcare)	3	4	4
A School Meals. Reduction in subsidy to primary schools as meal take-up increases	5	6	5
F Appeals / admissions process funding for VA schools.	6	5	6
Number of responses	9 30.00%	5 83.33%	14 37.84%

4. Subsequent to the closure of the consultation period, the December Head Teachers meeting raised concerns around pressures arising from increased administrative burdens, and whilst this not being raised through the consultation process, due to the comments at this meeting, it is proposed to add this item to the list of pressures as the highest priority. A pressure has therefore been added at £0.080m, calculated from 3 hours additional support per week, term time only, for the average sized primary school (as measured through pupil numbers), and 5 hours additional support per week, term time only, for the average size secondary school. This development duplicates the additional funding added to school budgets last year for additional administrative support around the impact of workforce census requirements and other administrative pressures that was identified through the consultation process.
5. In formulating provisional proposals, a small number of adjustments have been to the outcomes from the consultations by the CYPL Departmental Management Team as set out below in Table 2 with reasons.

Table 2: Proposed adjustments to budget items

Item	Cost £000
School items from the consultation:	
<u>Learning Support Units for all secondary schools</u>	182
Reason for adjustment: This is an expensive proposal and relates to only 2 secondary schools with relatively low exclusion rates. The original funding allocations were based on number of FSM pupils which provided a correlation to pupil exclusions.	
<u>Appeals / Admissions arrangements in Voluntary Aided schools</u>	TBD
Reason for adjustment: More work is required to establish relevant costs. Funds of £8.5k are already allocated to relevant schools. At this point, two schools have provided costing information and an update on this item will be presented to the Forum in February when more information should be available.	

6. Taking account of the above information, Table 3 below shows the budget changes included in the 2010-11 indicative budget allocations sent to schools in December.

Table 3: Summary of indicative developments on 2010-11 delegated school budgets

Unavoidable pressures:

1	Inflation:	£1,064,000	Most items increased by 2.1% i.e. Minimum Funding Guarantee. Exceptions apply where previously agreed by the Schools Forum for inescapable costs such as business rates and insurance.
2	Mainstream pupil number changes	£250,000	Based on October 2009 census, increase in overall number of pupils compared to January 2009.
3	Kennel Lane Special School pupil number / needs changes	£83,000	Reflects provisional figures agreed with the school with increase in pupils with more complex needs.
4	Mainstream statemented pupils	£40,000	Continues trend of gradual increase in average cost of support.
5	Non pupil data changes e.g. FSM, EAL, NQTs	£72,000	Increase in FSM numbers anticipated, minor changes on other budget data, including MFG.
6	Fee payment to Independent Safeguarding Authority	£9,000	Full year effect of the new statutory safeguarding check to be applied against relevant staff.
7	New Jennetts Park Primary School	£20,000	Start up costs in advance of school opening.
Total unavoidable pressures		£1,538,000	Unavoidable agreed through school consultation

32

Economies:

8	Caterhouse primary school meals contract	-£20,000	Cost of contract in 2010-11 expected to reduce as pupil take up increases.
Total Economies		-£20,000	

Developments:

9	Additional administration support	£80,000	High priority budget development identified at the December Headteacher meeting.
10	Additional 0.5% for inflation	£236,000	Ensures share of "headroom" to all schools.
11	Replacement of IT hardware	£90,000	High priority budget development from finance consultation.
12	Balance of funds after meeting estimated costs of all identified budget pressures	£175,000	In accordance with the agreed budget strategy, allocated 85% by reference to pupil numbers and 15% as an equal amount per school.
Total Developments		£581,000	
13	Total increase	£2,099,000	

School funding settlement for 2008-09 to 2010-11

The following summarises key government announcements regarding school funding over the three year funding period of 2008-11.

1. Overall national increase in schools funding:
 - a. +4.3% 2008-09
 - b. +4.7% 2009-10
 - c. +5.3% 2010-11

Covers all funding streams including revenue, capital and specific grants.

2. Overall increase in per pupil DSG funding– delegated schools funding only:
 - a. +4.6% 2008-09 (BFBC +4.7%)
 - b. +3.7% 2009-10 (BFBC +4.0%)
 - c. +4.3% 2010-11 (BFBC +4.6%)

Minimum increase in per pupil funding at LA level of 3.1% in 2008-09, then 2.9% for each of the next two years. This core funding represents around 98.6% of the total available DSG. Funding for new Ministerial priorities has been directed towards: Personalised Learning; £330m in 2008-09, then £205m in 2009-10 and £377m in 2010-11: £40m in each of the next 3 years to fund generally affluent LAs that have pockets of deprivation; and £20m per annum to LAs spending below the government formula in 2005-06 (BFBC gains from this). £0.007m has been added to BFC in 2008-09 to support excluded pupils from the sixth day of exclusion rather than the fifteenth.

3. Key government funding priorities in the settlement are:
 - a. Personalisation of teaching and learning
 - b. Support for all pupils to make good progress
 - c. Extension of the early years offer to parents
 - d. Extended children's services provided from schools
4. The Standards Fund is to be extensively used to fund new priorities of Every Child a Reader, Every Child Counts, Every Child a Writer, and extending the free entitlement to nursery education for 3 and 4 year olds from 12.5 to 15 hours per week.
5. Government contingency to be maintained to provide additional funds to LAs subject to rapid increases in pupil numbers or significant influx of EAL pupils.
6. Minimum Funding Guarantee – statutory minimum annual increase in per pupil funding that a school can receive i.e. provides funding stability – to be set at 2.1% in each of the next three years for schools with constant pupil numbers. This is at the level of estimated unavoidable cost pressures after an assumed 1% efficiency gain in schools. MFG rate for 2007-08 was 3.7%.
7. To help schools make the most of their resources and improve outcomes for pupils, DCSF has developed tailored support packages.
8. Standards related grants to be increased by the level of MFG – 2.1%. This mainly covers the School Standards Grant and School Development Grant.

Budget Strategy – 2008/9 to 2010/11

Taking account of the requirement to minimise the number of changes to budgets within a Spending Review Period, and to have regard to government spending priorities, the following strategy is proposed in setting the Schools Budget:

1. To help schools with their financial planning, indicative budgets should be made available to schools before the end of autumn term. This requires outline agreement from the Schools Forum on all areas of the Schools Budget – both delegated and LA retained – for each remaining year of the Spending Review Cycle.
2. Aim for steady and consistent increases to delegated school budgets in each year, thereby removing the potential for significant fluctuations in funding.
3. Fund unavoidable school and LA managed pressures and developments as a first priority. This ordinarily covers meeting the MFG, inflation, change in pupil numbers and other data used for funding purposes, such as pupil eligibility to a FSM, numbers and needs of SEN pupils, including those places outside of the Borough. It also applies to funding full year effect costs from a new development that started part way through the previous year.
4. Maintain current level of deprivation funding in schools at 90% of proportion included in Dedicated Schools Grant (DCSF targeting LAs below 80%) through implementation of the key recommendations from the review of funding schools for deprivation which was to introduce new funding factors based on number of Looked After Children and those with English as an Additional Language. If after these changes, deprivation funding remains below the 90% target level, then the outstanding requirement would be met by allocating 75% of the balance based on low prior attainment and 25% on pupil eligibility to a free school meal.
5. Despite the DCSF deprivation focus, all schools should receive a reasonable increase in funding.
6. After taking account of these objectives, views of schools and the Schools Forum to be taken into account in agreeing the allocation of the remaining “headroom” to new budget developments.
7. Should any funds remain after meeting all identified budget pressures, they will be allocated 85% based on an equal amount per pupil, and 15% as an equal amount per school. This method of allocation also to be used if no obvious alternative method exists.

Unavoidable Budget Pressures

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<u>Delegated School Budgets</u>		
1. Inflation Most items receive standard increase at level of Minimum Funding Guarantee (2.1%). Exceptions where previously agreed by the Schools Forum for inescapable costs such as rates, insurances and other bought back services. The final inflation figure will be determined by the Schools Forum, taking account of the latest national inflation statistics and local circumstances.	1,066	1,064
2 Mainstream School pupil numbers Information from the October 2009 census has resulted in a provisional figure being calculated for 2010-11.	-194	250
3 New Primary School for Jennetts Park The developers building programme has slipped a year with the school now expected to open in September 2011. Funding has provisionally been allocated to support some preliminary activities that will need to be undertaken before the school opens.	0	20
4 Special School pupil numbers / needs Anticipated placements at Kennel Lane Special school have been agreed with the school and continue the recent trend of accommodating a higher proportion of pupils with the most severe and costly needs. The school is expected to remain full with around 170-180 pupils.	89	83
5 Mainstream School SEN statements The number of statemented pupils in mainstream schools is expected to stay fairly constant at current levels, but continue to be subject to an on-going rise in the average cost of support.	22	40
6 Non-pupil data changes Besides pupil numbers changes, there are other data changes that can impact on funds allocated to schools. The main changes in 2010-11 relate to an anticipated rise in the number of pupils eligibility to free school meals, significant school redevelopments, attainment data and pupil mobility.	97	72
7 Fee to Independent Safeguarding Authority Fee payment to the Independent Safeguarding Authority, was previously anticipated to be in place from October 2009 but will not now be fully operational until July 2010. This improves the process of background checks required on people working with children. It includes the current enhanced CRB check and adds continuous monitoring and updating of an individuals' status. This will cost an extra £28 per person.	14	9
Loss of ICT grant Changes to DCSF grant funding created a reduction in funding to support ICT developments	24	0
Total unavoidable changes on delegated school budgets	1,119	1,538

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<u>Council Managed Budgets</u>		
8. Inflation Most items receive standard increase at level of Minimum Funding Guarantee (2.1%). SEN at 1% based on the fee expected to be negotiated with providers. The final inflation figure will be determined by the Schools Forum, taking account of the latest national inflation statistics and local circumstances.	255	170
9. SEN provisions and support Based on provisional costed pupil schedule, the cost of placements in private, voluntary and independent sector schools is anticipated to continue to grow into 2010-11. There is also a pressure to fund sensory impairment support provided through the Primary Care Trust.	220	243
10. SIMS licence fee increase The purchase of software migration in a phased approach, with the cost spread over a 5 year period, for the migration of the Capita ONE (EMS) software from its outdated Powerbuilder environment to Dot Net (.net) technology. Impacts mainly on assessment and monitoring and early years provider data in the next 2 years.	-45	40
11. Early Years PVI providers Change in number of placements of 3 and 4 year olds in private and voluntary sector settings. Information has been used from the October census to provide a provisional figure for 2010-11.	30	40
12. Occupational therapy service for schools Provision of an occupational therapy service based at Kennel Lane School has ensured independence, fine motor skills and equipment needs are identified and appropriate plans and resources are put in place to enhance the pupil's access to the curriculum. The service works closely with the PCT and as well as providing individual assessments looks at the needs of all children and the school environment. The full year cost of operating the service needs to be added in 2010-11.	30	21
13. Transportation for Looked After Children Development of combined service budgets that support key government policy of the Every Child Matter Agenda. The additional £30k for 2009-10 represents the full year effect impact of meeting transport costs to retain more looked after pupils in BFC schools that was originally funded from September 2008 – March 2009..	30	0

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<p>14. Behaviour Initiatives Short term time limited grant funding for behaviour initiatives in primary schools which is being phased out. The £140k saving introduced to the 2007-08 budget was re-instated in order for the service to continue at operational levels.</p>	60	0
<p>15. Speech and Language Therapy Service Roll out Speech and Language therapy service, via PCT and Symbol partnership to all schools for improved support to appropriate pupils. Included a contribution to accommodation costs for staff.</p>	90	0
Total unavoidable changes on Council managed budgets	670	515

Proposed new budget developments and economies

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<u>Delegated School budgets</u>		
1 School Meals The average meal cost of the Caterhouse School Meals contract has reduced as meal take up increases. The expectation is that performance will continue to improve, reducing costs further although this is subject to checking.	-20	-20
2 Additional 0.5% inflation allowance Cost of adding 0.5% to the 2.1% minimum funding increase required by the DCSF. This is the top up to MFG rate. The final inflation figure will be determined by the Schools Forum, taking account of the latest national inflation statistics and local circumstances.	231	236
3 IT Hardware Replacement Replacement programme for school IT hardware, much of which was initially funded from one-off government grants. To supplement funding in Devolved Formula Capital and set in place a rolling replacement programme for servers, workstations and interactive white boards / projectors. 2010/11 is the final growth allowance for this item.	90	90
4 Impact of workforce census requirements and other administrative pressures This item was proposed from the 2008 finance consultation and has been costed at providing an average of 3 hours weekly support per primary school and 5 hours per secondary.	77	80
5. Unallocated balance After funding all identified pressures a balance of funds remains to be allocated to school, 85% by reference to pupil number and 15% as an equal amount per school, as set out in the budget strategy.	79	175
Support for inclusion / behaviour This item was proposed from the 2008 finance consultation and was costed at providing an average of 3 hours weekly support per school. This will be available to tackle unforeseen volatile incidents around pupil inclusion and behaviour.	48	0
Criminal Records Bureau re-checking This development reflects best practice that schools should introduce a rolling three year programme of rechecking relevant staff through the Criminal Records Bureau.	33	0
Broadband connectivity improvements Pressure is being placed on the main school internet connection which is presently capped to a limit of 17Mb/s. When a large number of users access the internet, there can be a reduction in speed. In order to resolve this situation, the ICT Advisory group of headteachers has recommended an increase in the capped bandwidth to 25Mb/s.	18	0
Total new developments on delegated school budgets	557	561

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<u>Council Managed Budgets</u>		
6. Additional 0.5% inflation allowance Cost of adding 0.5% to the 2.1% minimum funding increase required by the DCSF. The final inflation figure will be determined by the Schools Forum, taking account of the latest national inflation statistics and local circumstances.	26	27
7 Private Sector Early Years Providers To ensure that all early years providers receive a similar increase in per pupil funding to maintained schools, a growth pressure has been included in the last 2 years so that when added to the general inflation uplift, private sector providers receive the same percentage increase in funding as the average maintained school.	22	47
8 School specific contingency A provisional view on the level of contingency required for next year indicates an increase in provision. This relates to anticipated in-year allocations to schools experiencing significant increases in pupil numbers and also a number of matters arising from the new funding arrangements planned for introduction around Early Years provisions.	-50	125
9 Reductions in grant A number of grants used to support education related activities have either been reduced or re-prioritised, the result of which is that a number of services face reduced funding from April 2010. A pressure arises to maintain services in Early Years Special Educational Needs Co-ordinators (£20k), Education Health Partnerships (£30k), support to anti-bullying (£10k), resources for schools to support Social and Emotional Aspects of Learning (£10k) and support for children who are from families subject to domestic abuse (£6k).	0	76
10 Emergency procedures support to schools An emergency procedures support service is currently provided to schools without charge by Forestcare. This supports cascade of the Broadmoor alarm to relevant schools, being a first point of contact for parents, police and journalist in emergencies, including school closures for bad weather, and holding 24 hour a day emergency contact details of relevant duty staff in schools to support emergency procedures. The costs for this service should be funded through the Schools Budget and is proposed to be a centrally managed budget item.	0	5

Item	2009/10 Actual £'000	2010/11 Provisional £'000
<p>English as an Additional Language An enhancement to the existing EAL Service is proposed. This would focus on increasing numbers of 'newly arrived' pupils, who are in the early stages of learning English and have been identified as requiring additional language / curriculum support in order to access the curriculum. There would also be support to schools in raising achievement, to integrate cultural diversity, and to increase school's capacity in providing for the needs of bilingual learners and providing support to bilingual parents.</p>	50	0
<p>Income generation by Teaching and Support Service (TASS) The Learning Support Service of TASS provides a team of specialist teachers who assess and directly teach children with SEN. Through increased demand for support from schools, the service has consistently over achieved the income target and over spent on staff that deliver the service. In order to correct the budget profile, it is now proposed to permanently increase the income target by £10k with a £5k increase in staffing budget, making a net saving of £5k.</p>	-5	0
<p>Official trades union duties The budget to support school staff undertaking official trades union activities has consistently under spent in recent years.</p>	-10	0
<p>Repayment of 2007/08 overspend Following an improvement in finances, the budget provision to repay the 2007/08 over spend was removed as part of the 2009/10 budget build process..</p>	-20	0
<p>Total new developments on Council managed budgets</p>	14	280

Proposed Inflation Allowances for 2010/11

Delegated School Budgets

1	Uniform Business Rates, rents and joint use sports centres	1.86%	Estimated actual cost increases
2	Transport to Crownwool LAL	2.60%	MFG rate plus 0.5%.
3	Insurances - Property	2.60%	MFG rate plus 0.5%.
4	Stated Pupils	2.60%	MFG rate plus 0.5%.
5	Resource Units	2.60%	MFG rate plus 0.5%.
6	Buildings repair and maintenance	2.60%	MFG rate plus 0.5%.
7	Other bought back services	2.60%	MFG rate plus 0.5%.
8	All other items	2.60%	MFG rate plus 0.5%.
9	Average on delegated school budgets	2.55%	

LA Managed

10	SEN provisions and support	1.00%	Based on expected increase to be agreed with providers.
11	Combined services	2.60%	MFG rate plus 0.5%.
12	Education out of school	2.60%	MFG rate plus 0.5%.
13	Pupil behaviour	2.60%	MFG rate plus 0.5%.
14	School staff absence	2.60%	MFG rate plus 0.5%.
15	Other items e.g. Practical Learning Options, Admissions	2.60%	MFG rate plus 0.5%.
16	Schools specific contingency	2.60%	MFG rate plus 0.5%.
17	PVI nursery provision	2.60%	MFG rate plus 0.5%.
18	Schools in financial difficulty	0.00%	No inflation
19	Standards Fund	1.41%	Sets budget at amount required to match fund indicative grant allocation.
20	Average on LA Managed	1.76%	

Setting School Budgets for 2008-09 to 2010-11

DCSF Guidance Note for Local Authorities and Schools Forums

Overview

1. This note provides guidance for local authorities and Schools Forums on the process of setting school budgets for the next three years. It starts by discussing the process by which allocations of Dedicated Schools Grant will be made and finalised, and relates this to local authority budget setting processes. It is an updated version of the guidance we issued for 2006-07 and 2007-08.

2. The guidance then goes on to discuss the various decisions local authorities and their Schools Forums will need to make within each cycle of budget calculation, and provides links to the various DCSF guidance notes on each stage in the budget calculation cycle. Finally, the guidance discusses what action authorities will need to take in early 2009 and 2010, when they update the indicative budgets for 2009-10 and 2010-11 which they set initially in 2008.

3. This guidance note is intended to supplement the knowledge and experience in local authorities and Schools Forums, and to act as a road map through the various DfES guidance notes on the new school funding system.¹

DSG Allocation Process

4. The timetable for the setting and finalising of DSG allocations is key to the processes that authorities will need to adopt for setting schools' budgets for 2008-09 to 2010-11. In outline, the main steps are as follows:

- a. the Department has projected overall pupil numbers for each authority for each of the three years – the numbers are for January 2008, January 2009 and January 2010 respectively;
- b. the projected pupil numbers have been used to calculate each authority's indicative allocation of Dedicated Schools Grant for 2008-09, 2009-10 and 2010-11;
- c. (a) and (b) have been used to calculate a guaranteed unit of funding for each authority for each of the three years; and
- d. when the Department has finalised data from the January 2008, 2009, and 2010 Pupil Led Annual Schools Censuses (PLASC) and other relevant data surveys, it will finalise allocations of Dedicated Schools Grant, using the guaranteed units of funding from step (c).

5. Steps (a) to (c) were carried out by the Department to produce the DSG allocations announced on 12 November. Step (d) will take place when agreed pupil number data from PLASC and other relevant data surveys are available for each authority for each of the next three years. We want to work closely with local authorities to ensure that clean pupil number

¹ These arrangements do not apply in the Isles of Scilly, who receive grant for schools on a different basis to other local authorities, and who have only one school to fund.

data are available as early as possible, but this will not be until after the new financial year has commenced.

6. The guaranteed units of funding for 2008-09, 2009-10 and 2010-11 will not be changed. Local authorities can therefore rely on the figures announced on 12 November in planning and setting school budgets for all three years.

7. The forecast pupil numbers have been produced by the Department solely for the purpose of making DSG allocations: they have not been produced for the purposes of setting school budgets for 2008-09, 2009-10 and 2010-11. Of necessity, they use a national methodology, which is the same for all local authorities: the detail is set out in the explanatory note on DSG Pupil Number Projections on TeacherNet at:

<http://www.teachernet.gov.uk/docbank/index.cfm?id=12223>

8. They do not therefore take account of local circumstances, and as result will almost certainly be different from local authorities' own view of pupil numbers, which can take into account detailed or more up to date local knowledge:

- a. many authorities use forecasting methodologies to make estimates of pupil numbers for some years ahead, and will have available their own forecasts for January 2008 – these will take into account local knowledge in a way that is not feasible in the forecasts used for DSG allocations; and
- b. authorities will be able to use data from the autumn term 2007 census² to estimate pupil numbers for January 2008, until actual January pupil numbers are available.

9. The Department therefore strongly recommends that authorities use their own information on pupil numbers, for each of the three years 2008-09, 2009-10 and 2010-11, in setting school budgets. This is more likely to be accurate than the forecasts produced by the Department to set indicative DSG allocations.

School Budget Setting Process – Current Practice and Changes for 2008-09

10. There are a number of points at which authorities currently set and issue budgets to their schools, with varying degrees of finality:

- a. first cut budgets, in November/December, shortly after the settlement;
- b. more refined, near final budgets in late January or early February, when pupil number information from PLASC becomes available; and
- c. final budgets in late March.

11. A number of authorities that issue first cut budgets in December or early January calculate those budgets using September pupil numbers, since they are a reasonably accurate proxy for pupil numbers for the following January. So for the purposes of estimating January 2008 pupil numbers, authorities could use September 2007 pupil numbers. Such authorities will also be able to use the guaranteed unit of funding for 2008-09, with September 2007 pupil numbers, to calculate a revised estimate of what their final DSG allocation will be for 2008-09. That will in turn give them a sound basis for setting their Schools Budget for the purpose of producing first cut budgets for their schools.

² Data from this census was not available to DCSF when it set DSG guaranteed units of funding for the school funding settlement.

12. Many authorities currently wait until late January or early February before they issue their first budgets to schools, since they wish to use more up to date data from January PLASC rather than the September numbers.

13. During late January and early February 2008, local authorities should have good early information of what their pupil numbers will be at the January pupil count, in advance of the checking process by the Department which leads to final allocations of DSG. That will allow all local authorities to firm up the level of their Schools Budget for 2008-09. Between this stage of budget setting and the next, local authorities will also need to take into account any top up to the DSG allocation from locally raised resources, which will be decided through the council's budget and council tax setting process.

14. Finally, all local authorities are legally required to set a Schools Budget and individual budgets for each of their schools by 31 March. By this time, local authorities will have good information on their January 2008 pupil numbers, and will know if their council has decided to add a top up to the DSG. These will be the final figures for schools for 2008-09, subject to changes brought about by the checking process: how authorities can handle those changes is discussed below.

15. It is important that all staff involved in the budget setting process are fully aware of how pupils are counted for the purposes of DSG allocations, and what data are supplied to the DCSF to finalise DSG allocations. The methodology for counting pupils for the purposes of DSG allocations can be found in the explanatory note on DSG Pupil Number Projections on TeacherNet at:

<http://www.teachernet.gov.uk/docbank/index.cfm?id=12223>

Implications of Finalising DSG

16. Each authority's finalised allocation of DSG for 2008-09 will be different from the indicative allocation notified to it by the Department on 12 November. We recommend that authorities should base their budgets on their best estimate of January 2008 pupil numbers, rather than on Departmental forecasts. This should enable them to make fairly accurate estimates of what their final DSG allocation will be. Authorities should therefore be able to make allocations by March to all schools and to central budgets without the need to change them when the DSG is finalised.

17. Nonetheless there is almost bound to be some difference between the final DSG and the DSG allocation the authority has used to set its Schools Budget. If authorities find that actual pupil numbers for individual schools are significantly different from their estimates, the authority will be able to use the error correction procedure in the School Finance Regulations to correct the school's budget. If there are other small differences, which do not affect individual schools, the authority should leave the Schools Budget as determined in February/March and carry over any surplus or deficit to the following year. Guidance on carrying forward DSG balances can be found at:

<http://www.teachernet.gov.uk/docbank/index.cfm?id=12224>

18. It is possible that the changes in pupil numbers between estimated and finalised DSG are significant enough to warrant a redetermination of the Schools Budget. If that is the case, all schools would need to be notified. The Department would expect this course of action to be taken only in exceptional circumstances.

Tasks within a Budget Calculation Cycle

19. The preceding three sections have set out how the processes for setting indicative and final allocations of DSG will mesh with local authority processes for setting and finalising school budgets: but within that overall process, each authority will go through one or more cycles of setting the Schools Budget, and translating that into individual budgets for schools. This section discusses in more detail what local authorities and their Schools Forums will need to do in each cycle to set individual budgets for schools, starting from the overall level of the authority's Schools Budget.

Centrally Retained Budget

20. The first decision to be taken in the budget setting process is the split between the budget for centrally retained items, and the ISB. In making this split, local authorities will need to consider the guidance set out in the guide to Central Expenditure, which can be found on the page devoted to guidance notes for Schools Forums on TeacherNet at:

21. As a first step, most local authorities consider the cost pressures on items within the centrally retained budget, such as funding for: Pupil Referral units; pupils in hospital school provision; and learning and behaviour support services for pupils in maintained schools. There will be a complete list in schedule 2 of the School Finance Regulations 2008.

22. Local authorities will also want to consider the following areas of expenditure and whether they should be held centrally or delegated to schools:

- a. whether or not an authority decides to retain funding for the Upper Pay Spine (formerly funded through Teachers' Pay Grant) in its central budget, and devolve it to schools, as opposed to delegating it through its formula³;
- b. whether the authority decides to retain centrally its allocation from the £110 million funding earmarked during 2006-08 for practical learning options at 14-16 or delegates it to schools. This funding is now part of the DSG baseline for 2008-09 and has thus been updated by 3.1% per pupil.

23. Local authorities will also need to decide, with their Schools Forums, whether and how much expenditure should be retained centrally for combined services in support of Every Child matters. Guidance on this issue can be found in the explanatory note on school funding for 2008-11 at:

<http://www.teachernet.gov.uk/docbank/index.cfm?id=11544>

24. There are two changes to the way in which authorities take decisions on this type of expenditure: firstly, authorities no longer have to apply the test that the educational benefit gained will be proportional to the expenditure incurred in seeking their Schools Forum's approval; and secondly, approval need not be sought again for existing expenditure.

Distribution of the Individual Schools Budget

25. Once the budget for centrally retained items and hence the ISB has been set, authorities need to work through a number of further decisions on how the ISB is to be distributed.

³ Many authorities have either completely delegated this funding through their formula or have started the process, with appropriate transitional arrangements.

26. The pupil numbers to be used for 2008-09 will be those at January 2008: as stated above, if authorities wish to set indicative budgets for their schools before the January count date, they could use September 2007 pupil numbers; after the January count date, they will be able to use actual numbers, albeit subject to final checking. For 2009-10 school budgets, authorities will need to use estimates of January 2009 pupil numbers; for 2010-11 school budgets, authorities will need to use estimates of January 2010 pupil numbers.

27. Advice on how to project pupil numbers is contained in the Pupil Projection Toolkit which can be found on TeacherNet at:

www.teachernet.gov.uk/pupilprojectionguide.

28. The use of a single January pupil count for schools' funding means that any pupils entering school after that date will not give rise to an increase in the school's budget until the following January. Schools should in the main be able to manage the normal turnover of pupils, but there are two circumstances where this may require action from the local authority:

- a. where a school has a significant influx of pupils – and where the authority sees an overall rise in rolls above 2.5% it will trigger payment of exceptional circumstances grant; or
- b. where a school has a planned rise in numbers – for example if it is adding an extra form of entry, or if it is a new school filling up year group by year group.

29. Guidance on the steps that local authorities may take to deal with these issues is contained in the note on the Single Pupil Count which may be found on TeacherNet at:

www.teachernet.gov.uk/schoolbudgets200608/.

30. Guidance on the qualifying conditions for ECG may be found in the explanatory note on school and early years funding arrangements 2008-11 at:

<http://www.teachernet.gov.uk/docbank/index.cfm?id=11544>

31. The next key decision for local authorities and their Schools Forums may be how they wish to handle funding for the Upper Pay Spine (formerly funded through Teachers' Pay Grant). Detailed guidance on this can be found on the page of guidance notes for Schools Forums on TeacherNet at:

www.teachernet.gov.uk/schoolsforums/.

32. The main choices are between: distributing the funding through the authority's formula, and allowing the MFG to smooth out the change in distribution; and continuing to distribute the funding according to teacher numbers, with a transition over time to distribution through the main formula.

33. If the decision is to retain the current distribution of Teachers' Pay Grant in the short term, the local authority will need to decide, with its Schools Forum, whether to hold the funding centrally, or whether to distribute it to schools through an additional factor in its formula.

34. Many local authorities will have already consulted on changes to their funding formulae for 2008-09, 2009-10 and 2010-11. The formula changes which they and their Schools Forum finally choose to implement will often depend on the increase in resources

that is available to them. Following on from the settlement, local authorities and their Schools Forums will therefore be considering which formula changes they should implement, with a view to final discussion with schools and decision making in the New Year, so that budgets can be produced by the end of March.

Ministerial Priorities

35. In taking final decisions on the shape of their funding formulae, local authorities should also take into account the funding for Ministerial priorities used over and above the basic per pupil increase in DSG:

- a. £330/205/377 million in funding for **personalised learning and SEN**, distributed on the basis of pupil numbers at 5 to 15, plus area costs where relevant – this reflects the roll out of the personalisation offer to all pupils over the coming three years, and is a change from the method of distribution used for 2006-08, which incorporated a substantial weighting for low prior attainment and income deprivation;
- b. £40 million increase for 2008-09 for **pockets of deprivation**, for those authorities that are in the bottom third least deprived authorities in overall terms and who have pupils from the most deprived areas (subject to a de minimis limit of 10 pupils) - each qualifying local authority will receive £500 per qualifying pupil, adjusted for area costs;
- c. £7 million increase for 2008-09 for **provision for children from day 6 of a permanent exclusion**, distributed on the basis of pupil numbers, adjusted for area costs.

These increases in funding for Ministerial priorities are consolidated into the baseline each year, and are subject to the basic per pupil increase for the following year.

36. As well as the above funding for new Ministerial priorities, we should also like to draw to local authorities' attention the £110 million in the 2007-08 baseline, to support the drive to offer more **practical learning options** for pupils at aged 14 to maintain their engagement in education and learning.

37. As with previous funding for Ministerial priorities, none of this funding has been ringfenced within the Dedicated Schools Grant, so local authorities will need to decide with their Schools Forums, how they can best distribute their allocation of these funds to schools through their local formulae. We do not expect authorities to attempt to replicate the Dedicated Schools Grant distribution methodology in their own formulae: they will need to consider the relative needs of all their schools, and direct funding in response to those needs.

Personalised Learning and SEN

38. In distributing the extra funds for personalised learning and SEN, Ministers expect local authorities to have regard to the following priorities:

- a. all schools should be tracking pupil progress, and providing appropriate intervention for children falling behind to ensure that all pupils make at least two levels progress per key stage, including, where appropriate, those with special educational needs;
- b. every secondary school pupil should have access to a learning guide - a

member of staff who knows them in terms of both their academic progress and their personal development in the round, and is able to co-ordinate a tailored package of support that best helps that pupil;

- c. providing targeted support for key groups including those from areas of economic and social disadvantage, those ethnic minority pupils at particular risk of poor outcomes, children in care and gifted and talented pupils; and
- d. ensuring the school workforce has the confidence and skills to address the needs of all children, including those with SEN, for instance through the Inclusion Development Programme which is being rolled out through the National Strategies, and undertaking specialist training.

Pockets of Deprivation and Deprivation Funding

39. In December 2005, the Department published a joint DfES/Treasury Report, *Child Poverty: Fair Funding for Schools*, on the ways in which local authorities fund schools to meet the extra burdens imposed by social deprivation among their pupils. Local authority statements of policy and practice in this area were published in August 2006, and since then, authorities have been reviewing their local arrangements. To support local reviews, the Department made available a technical note on the various deprivation indicators: this is available at:

www.teachernet.gov.uk/docbank/index.cfm?id=10254

40. On 2 August 2007, the Department published guidance for local authorities to help them assess the quantity of deprivation funding distributed through the local formula in 2007-08. This will serve as a baseline against which further progress in targeting funding through the local formula can be measured. These templates have been used to inform the discussions in autumn term 2007 between the authority and its Children's Services Advisor (CSA).

41. The overall aims of this process are twofold: firstly to ensure that deprivation funding in the DSG is properly reflected in local funding formulae; and secondly to ensure that local authorities and schools have in place the strategies for using deprivation funding effectively to support the Government's key aim of narrowing the attainment gap between pupils from disadvantaged backgrounds and their peers.

42. Over the summer, the Department has been developing a new measure of deprivation, using data on Tax Credits from HMRC, cross referenced to pupil postcodes. Tax Credit data is available on a more finely-grained geographical basis than the deprivation indicators previously used to distribute funding to local authorities and its use will mean that we are better able to reflect the circumstances of the children in an authority's schools, rather than deprivation in the children who live in an authority. This will mean, for example, that where pupils from deprived backgrounds cross local authority boundaries to go to school in a less deprived authority, this will be reflected in the funding the authority receives. The indicator has been used to distribute the £40 million increase in funding for pockets of deprivation in 2008-09. Local authority and school level figures are available at:

www.teachernet.gov.uk/docbank/index.cfm?id=12225

43. In deciding how to distribute this funding, local authorities and their Schools Forums should consider how to target the funding at their most deprived schools. Local authorities will wish to consider whether or not to introduce a new deprivation indicator into their funding formula specifically for this funding; and they may wish to consider whether a threshold

would be a way of ensuring that this funding is targeted differentially at their most deprived schools.

Day 6 Provision

44. It was a requirement in the Education and Skills Act 2006 for schools and local authorities to arrange suitable full-time education for excluded pupils from the sixth day of exclusion. Schools are required to arrange provision off-site (unless in a shared unit) from the sixth day of any period of fixed period exclusion. Local authorities are likewise required to arrange provision from the sixth day of permanent exclusion.

45. The Department recommended that authorities use funding from the 5% basic per pupil increase in DSG that all authorities received for 2007-08 to fund the £9 million cost of Day 6 provision in 2007-08 (the seven months from September 2007 and March 2008). We are adding a further £7 million to this, earmarked within DSG allocations for 2008-09, and baselined for 2009-10 and 2010-11, bringing the total resources available to £16 million. At national level the expected split of costs between schools and LAs works out as £10 million for schools and £6 million for local authorities.

46. We would recommend that authorities do not base allocations of this funding on historical levels of fixed period exclusions, but may want to consider an allocation method of overall pupil numbers weighted for deprivation. They may want to use similar measures of deprivation as are used elsewhere in their funding formula. Detailed guidance for schools and local authorities is available on TeacherNet at:

<http://www.teachernet.gov.uk/wholeschool/behaviour/exclusion/>

Practical Learning Options at 14-16

47. We expect LAs and schools to continue to draw on the £110m within the DSG baseline, which was earmarked to support practical and applied learning provision. In local authorities where consortia are delivering Diplomas in 2008-09 they will be receiving Diploma specific grant, the existing funding within DSG could also be drawn on to support any exceptional local costs attaching to Diploma delivery which cannot be met from the Diploma grant allocation, allocations of which will be announced later in December.

48. In all local authorities the utilisation of DSG funding for practical learning options, whether it is managed at local authority level or delegated in full or in part to individual schools, should be discussed with the 14-19 partnership. The aim is that DSG funding should align well with other sources of funding supporting the planning and delivery of 14-19 learning. In subsequent years we would expect that this funding will be increasingly spent on Diplomas as local provision expands.

Minimum Funding Guarantee

49. The MFG has been set at 2.1% for each of the next three years. A detailed guide to the operation of the MFG for 2008-09, 2009-10 and 2010-11 is available on TeacherNet at:

www.teachernet.gov.uk/schoolbudgets200811/

That will also link to a calculator which will automatically work out the level of the GFL, and whether a school requires an MFG allocation or not: the calculator is an Excel spreadsheet and can be downloaded. We will make available a local authority calculator in the near future.

50. All authorities have the following basic increases in their DSG allocations:

2008-09	MFG + 1% per pupil = 3.1%
2009-10	MFG + 0.8% per pupil = 2.9%
2010-11	MFG + 0.8% per pupil = 2.9%

The additional 1%/0.8%/0.8% is to enable authorities to implement the MFG. It is necessary to fund the increased per pupil costs of falling rolls, and the increased costs of items excluded from the MFG calculation such as high cost SEN, rent, rates and PFI payments.

51. Local authorities with schools with sixth forms should no longer include LSC allocations in the baseline for the MFG calculations. The Learning and Skills Council plans to make the details of sixth form funding allocations for 2008-09 available on its website by February 2008.

52. As in previous years, the operation of the MFG methodology will produce anomalous outcomes for certain schools – and the degree of change in the school funding system for 2008-09, 2009-10 and 2010-11 increases the likelihood that there will be a greater number of potentially anomalous outcomes. A guide on how Schools Forums should approach taking decisions on whether to approve alternative arrangements for schools with anomalous MFG outcomes can be found on the page of guidance notes for Schools Forums on TeacherNet at:

www.teachernet.gov.uk/schoolsforums/.

53. Where a package of changes affects more than 50% of the pupils in an authority's schools (measured by the number of pupils in the schools affected by the complete package of proposed changes), the local authority will need to seek the approval of the Secretary of State. Any authority in this position should write to Margaret Judd at the DCSF to start this process.

Budgets for 2009-10: Setting in Spring 2008 and Updating in Spring 2009

54. Local authorities and their School Forums will need to work through the tasks within a budget setting cycle (set out in paragraphs 19 to 52 above) to set school budgets for each of the three years 2008-09, 2009-10 and 2010-11 in the period to 31 March 2008. There are some additional decisions and tasks for 2009-10 and 2010-11: these are discussed in this section.

55. When they first set budgets for 2009-10 authorities will need to use forecast pupil numbers for January 2009. As previously highlighted, the pupil numbers used to set the DSG units of funding for 2009-10 have been calculated using a national methodology, which does not take account of local knowledge and circumstances. Authorities should make their own forecasts for 2009-10: advice on how to do so is contained in the Pupil Projection Toolkit which can be found on TeacherNet at:

www.teachernet.gov.uk/pupilprojectionguide.

56. In addition to forecasting pupil numbers, authorities will need to decide what values they should use for non-AWPU data when calculating initial values for school budgets for 2009-10. Some data will be straightforward: values for premises and rates funding should be possible to predict with a fair degree of accuracy; and any planned changes to the characteristics should be factored in. But other data may be more difficult to forecast – for example it may be hard to predict with accuracy the values of some commonly used deprivation indicators. The best approach here might be to use the same values used for

2008-09 budgets.

57. Authorities will then need to decide on their policy for updating non-AWPU data for 2009-10 and 2010-11. The essential choice is between:

- a. Focussing on predictability and stability of budgets for schools – which points towards less updating of non-AWPU data; and
- b. responding to schools' changing needs and circumstances – which points towards more updating of non-AWPU data.

Further guidance on this issue may be found on the page of guidance notes for Schools Forums on TeacherNet at:

www.teachernet.gov.uk/schoolsforums/.

58. In setting indicative budgets for 2009-10 and 2010-11, authorities should endeavour to keep contingencies for those years to a minimum. And since they can only hold contingency in the centrally retained budget, any increase in contingency for 2009-10 or 2010-11 will have an impact on the balance between the ISB and centrally retained items budget, and will need to be approved by the Schools Forum.

59. The previous paragraphs set out what authorities will need to do to set indicative budgets for 2009-10 in spring 2008. In spring 2009, they will need to finalise those indicative budgets.

60. In the same way as there will be an interaction in spring 2008 between the process of finalising DSG allocations and school budgets for 2008-09, there will be an interaction between the process of finalising DSG allocations for 2009-10 and school budgets for that year. In February and March 2009, authorities will need to use early information on January 2009 PLASC to finalise their Schools Budget for 2009-10, together with any non-AWPU data they have decided to update. The same considerations about mismatches between pupil numbers used by an authority to finalise its Schools Budget, and the pupil numbers agreed with the DCSF for the authority's final DSG allocation apply here. These considerations will also apply to 2010-11 financial year.

DCSF
December 2007

This page is intentionally left blank

**TO: SCHOOLS FORUM
DATE: 28 JANUARY 2010**

**BFC PROPOSALS FOR THE
EARLY YEARS SINGLE FUNDING FORMULA (EYSFF)
(Acting Director of Children, Young People and Learning)**

1 PURPOSE OF DECISION

- 1.1 The purpose of this report is to seek agreement from the Schools Forum on the proposed Bracknell Forest Council Early Years Single Funding Formula and other related matters. Comments are being sought on the composition of the Formula so that these can be presented to the Executive Member in February when a formal decision on this is planned to be taken.
- 1.2 This report also provides an update on the implementation timescale for the changes which the DCSF has now extended by 1 year to April 2011, although LAs can still implement in April 2010 if they wish, subject to agreement from the DCSF. This report proposes an April 2010 implementation date for BFC.

2 RECOMMENDATIONS

- 2.1 That the responses to the consultation proposals on the Bracknell Forest Council Early Years Single Funding Formula at Annexes A and B are NOTED together with the summary of outcomes and key comments at paragraphs 5.9 to 5.27;
- 2.2 That the Bracknell Forest Council Early Years Single Funding Formula should be as set out in the consultation document, amended for the changes detailed in paragraphs 5.31 to 5.38;
- 2.3 That the proposals for the other finance related matters that were supported through the responses to the consultation as set out in paragraph 5.8 are AGREED;
- 2.4 That the financial implications envisaged, based on 2008-09 data as set out in paragraphs 5.39 to 5.42 are included in the proposals for the 2010-11 Schools Budget;
- 2.5 That an application be made to the DCSF for the Early Years Single Funding Formula to be implemented in April 2010 through the Pathfinder route (paragraph 5.47).

3 REASONS FOR RECOMMENDATIONS

- 3.1 The proposals made are considered to be the best available, taking account of the work of the Provider Representative Group, national and local priorities, provider responses from the consultation and the estimated level of available resources.
- 3.2 All LAs are required to have in place a common funding formula for providers of the free entitlement for early years education and childcare. Agreeing to the proposals in this paper ensures that the required work and decision making processes will have been completed in time to allow for an April 2010 implementation.

3.3 Delaying implementation to April 2011 is not considered the best option as relevant work has been completed and providers are engaged and generally supportive of the plans. Workloads and uncertainty would be increased if the process is extended.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 These have been considered in earlier reports to the Provider Representative Group.

5 SUPPORTING INFORMATION

Background

5.1 Members of the Forum are aware through previous reports that all LAs are required to introduce a common Funding Formula for providers of the free entitlement for early years education and childcare (referred to as the Early Years Single Funding Formula (EYSFF), or the "Formula"). This will replace two arrangements currently in place, one relating to the maintained sector, the other relating to PVI providers. The budget totals to around £3m.

5.2 The Forum has previously agreed that a Provider Representative Group (the "Group") be set up to lead this work, including agreeing the content of a consultation paper. This work concluded in November 2009, with the consultation subsequently distributed to all providers on 11th November, requesting responses by 11th December. During this period, 3 evening briefing sessions were made available for providers to ask questions and to hear the key elements of the consultation being explained.

Summary of the consultation proposals

5.3 There are some key requirements from the DCSF in terms of making the changes in Early Years funding that had to be included in the consultation document as follows:

- a. All providers must be funded on the basis of hours attended, not on the length of session offered. This represents no change to PVI providers but moves maintained sector providers from 38 week funding at 2½ hour daily sessions for each child on roll in January, irrespective of attendance to actual hours;
- b. Funding must be recalculated at least on a termly basis, to reflect any changes in participation. Again, this represents no change to PVI providers, but moves maintained sector providers from annual funding based on January attendance to termly participation rates;
- c. Funding for deprivation must be recognised in the Formula. This is also a requirement in the general Funding Formula for Schools as the DCSF consider this an effective way to target resources to close the attainment gap arising from deprivation.

5.4 In addition to the statutory requirements, the Group agreed that the BFC EYSFF should:

- a. Comprise a single hourly base rate to cover common core costs, based on average provider costs, with different levels of funding by provider type where this was supported by reliable evidence from the cost surveys and other related work;
- b. Aim for a relatively high hourly base rate to fund common core costs so as to achieve predictability and stability of funding for all providers;
- c. Include hourly supplements, payable in addition to the hourly base rate to promote national and local policy objectives for:
 - i. Deprivation;

- ii. Quality of provision (as measured through workforce qualifications);
 - iii. Additional Educational Needs (if a suitable measure can be identified);
 - iv. Flexibility of provision outside the basic 5 half day sessions available at fixed times Monday – Friday.
- d. Include transitional funding arrangements to protect providers facing the largest changes in funding;
 - e. Be affordable within the current Early Years funding envelope.
 - f. Where it is not practical to divide costs in a maintained school to those relating to the Nursery Class, or to prevent cost increases, then this funding would not be included in the EYSFF but remain within the general Funding Formula for Schools. This mainly relates to premises costs, such as business rates and building insurances, and professional services bought back from the Council.

5.5 Taking account of the factors described above in paragraphs 5.3 and 5.4, the EYSFF included in the consultation document, **based on 2008-09 prices and data**, was as set out below in Table 1, with different rates for the maintained and PVI sector providers that reflect their different cost bases.

Table 1: Hourly funding rate for the EYSFF proposed in the consultation with providers

Element of the Formula	Proposed Hourly Funding	
	Maintained	PVI Sector
<u>Hourly base rate</u>		
Gross hourly base rate:		
Average staff and employer on-costs	£2.20	£1.75
Sickness and other staff absence	£0.15	£0.30
Cost pressure from maintaining staffing ratios etc	£0.25	£0.25
Cost of staff training	£0.10	£0.10
Support costs	£0.60	£0.65
Accommodation	£0.00	£0.35
Profit element	£0.00	£0.10
Sub total - Gross hourly base rate	£3.30	£3.50
Deductions from hourly base rate (to remove duplicate funding)		
Deprivation – costs included in gross hourly base rate	-£0.10	-£0.10
Quality– costs included in gross hourly base rate	-£0.15	£0.00
Sub total - deductions from gross hourly base rate	-£0.25	-£0.10
Base Hourly Rate - Minimum Funding Level	£3.05	£3.40
<u>Supplements</u>		
Deprivation	£0.00 - £0.30	£0.00 - £0.30
Quality	£0.00 - £0.45	£0.00 - £0.45
AEN	tbd	tbd
Sub total – supplements	£0.00 - £0.75	£0.00 - £0.75
Total Hourly Rate: Maximum	£3.05	£3.40
Total Hourly Rate: Minimum	£3.80	£4.15
Current hourly funding	£3.30	£3.66

- 5.6 The financial implications from the proposals at provider level, based on the 2008-09 data, were also set out in the consultation document, a summary of which is follows:
- a. There would be 23 providers gaining; 7 less than 3%; 4 between 3% and 6%; 7 between 6% and 9%; 5 more than 9%.
 - b. There would be 40 losers; 25 less than 3%; 6 between 3% and 6%; 9 between 6% and 9%.
 - c. Maximum provider increase in hourly funding is 12.1% with the largest reduction at 7.1%.
 - d. Of the 23 providers that have increased hourly funding, 14 are in the maintained sector and 9 in PVI.
 - e. All 40 of the providers that have a decrease in hourly funding are in the PVI sector.
 - f. 1 provider in the maintained sector has no change.
 - g. Overall, around £0.050m has been moved from PVI to maintained sector (1.6% of the total budget).
 - h. On average, 92.5% of funding will be allocated through the hourly base rate and 7.5% through supplements where providers meet the qualifying criteria.

- 5.7 There are 4 main reasons why the PVI sector tend to lose money in the initial proposals:

- a. Staff qualifications are generally lower in PVI settings, resulting in a lower cost base being included in the hourly base rate, and less top up funding for quality, as measured through workforce qualifications. The new arrangements should act as a financial incentive to providers to improve staff skills and subsequently receive extra funds.
- b. Based on provider location, 93% of maintained providers are classified as deprived with only 48% of PVI providers. Maintained schools therefore receive a greater proportion of the mandatory deprivation funding top-up.
- c. The current BFC PVI funding rate is relatively high. Based on 2009-10 data from the 19 local Councils in South East England, the BFC rate is the 3rd highest. The provider rate in BF has been increased at high rates in recent years, in line with increases in school funding, where there have been pressures around pay, including performance pay and workforce developments that may not have been replicated in the PVI sector. Therefore, when undertaking a base budget approach to future funding, which has been possible from the provider cost surveys, which has implied funding in excess of costs.
- d. It is believed that a number of providers are using the funding for the free entitlement to subsidise the more expensive provisions for 2 year olds which parents must pay for and is more expensive to provide due to lower adult : child ratios. If the fees for 2 year olds can be kept as low as possible, there is a greater likelihood of keeping higher numbers in the setting, including keeping the 2 year olds when they are 3 and 4 and within the free entitlement.

- 5.8 Other issues also included in the consultation, were as follows:

- a. Specific, short term, targeted funding should be available to help sustain providers experiencing financial difficulty where the LA considers the setting is necessary to meet its statutory requirement to ensure sufficient education and childcare is available to meet local needs. This is proposed to be a growth item for next year's Schools Budget and is included on the separate budget paper on this agenda;
- b. The current payment arrangements for PVI settings would remain in place with two payments per term, one based on expected participation levels, paid at the start of term and one based on actual participation, paid at half term;

- c. For maintained providers, the indicative budget would be given each year alongside their main school budget, recalculated each term on actual census data and providers notified accordingly;
- d. Other than participation rates, data used for funding purposes should be updated once a year at the January prior to the commencement of each financial year to provide stability of funding through the hourly rate which could otherwise change on a termly basis and also remove the need for additional data collection and processing.

Copies of the consultation document will be available at the meeting if required.

Summary outcomes from the consultation process

- 5.9 The three evening briefing sessions were attended by 43 providers (68% of total), 9 (60%) from the maintained sector and 34 (71%) from the PVI sector. Subsequent to this, 27 (42%) written responses were received, 5 (33%) from the maintained sector and 22 (45%) from the PVI sector. This is considered an excellent rate of response and the fact that fewer written responses were received than the number of providers attending the briefings is viewed as a positive sign in that the proposals do not cause concern to the non-respondents.
- 5.10 In such a detailed and in places complex consultation that ultimately proposes a redistribution of funding with some providers facing a loss of income, it is to be expected that there will be some disagreement to the proposals. In order to provide a consistent review of the responses, this report assumes that where there are less than 15% of all providers disagreeing with a proposal, then this is not significant enough to consider making a change. Where there are more than 15% of providers in disagreement, then the proposal does need to be reconsidered. The following sections therefore highlight the questions where at least 15% of all providers disagree with the proposal. This equates to between 9 and 10 providers and 30% of respondents to the consultation.

Annex A provides a numerical analysis of responses to all the questions, with Annex B detailing the specific comments received.

Main comments to the proposals

- 5.11 Annex A shows that for the vast majority of the 40 questions posed, respondents supported the proposals made in the consultation, with the majority of responses to 38 of the 40 questions being either in agreement or undecided on the proposal. Where there was less support for the proposals, 7 questions had over 30% of respondents (9 providers) disagreeing with the proposals. For 2 questions, there were a majority of providers answering "No" to the proposal, although one of these questions was whether there was a suitable factor available to recognise Additional Educational Needs in the EYSFF. Therefore, only one proposal was not supported by the majority of respondents.
- 5.12 As set out above, the following paragraphs detail the proposals where at least 30% of respondents did not support the proposal. In addition to seeking a "yes", "no", "undecided" comment to each question, at the end of each section, providers were invited to make any general comments they had in order that alternative proposals could be considered.
- 5.13 In making responses, providers were asked to consider the whole EYSFF and not to focus too closely on each element as the funding was built up on average costs as there would inevitably be parts that looked under or over funded. If this approach is not taken, there is a danger that providers only comment on the elements of the Formula that adversely affect them and not those where they receive favourable funding. In all of this, it needs to

remembered that all of the funding is allocated, and if more is to added to one element of the EYSFF, an equal amount of deduction needs to be made somewhere else.

The Hourly base rate (questions 4-13)

- 5.14 The hourly base rate is financially the most significant part of the EYSFF as it is proposed to allocate 92.5% of all funds. It is built up from a number of different elements at average provider cost, such as direct staff costs, training etc and questions were posed to providers on each element.
- 5.15 Whilst 9 PVI providers (14% of all providers) do not agree that the significant cost elements are included in the proposed funding rate (question 4), no other items have been identified for inclusion so there is insufficient information to consider whether any other costs need to be added.
- 5.16 On a similar theme, 12 (19% of all providers) do not agree with the calculation proposed for average staff costs for inclusion in the base rate (question 5). However, only 3 specific comments were made on this issue. One respondent wanted funding for improved adult : child ratios which is not within the scope of the consultation, another said that PVI providers should be funded on national pay scales and not actual costs, but this does not reflect the current cost base which is the fundamental approach adopted that was supported by 74% of respondents, with the final comment indicating extra costs for providers needing to pack away before and after sessions. It is unclear how widespread this issue is, and the base rate includes £0.25 to cover general costs of providers around staffing expenses that are outside the basic assumptions in the EYSFF.
- 5.17 10 PVI providers (16% of all providers) did not support the calculation of support costs that relates to learning resources, some premises costs and general expenses around administration, management and professional services, such as ICT support (question 10). Four comments were received to support this view. One mentioned that not all providers had photocopiers, internet etc at their workplace and did this at home, so not all of these expenses were included in the cost surveys. Another comment suggested the proposal did not cover enough costs in that building maintenance costs should be included, but this is proposed to be funded within another element of the EYSFF, the accommodation element. The view was also expressed by two respondents that maintained sector providers should meet these costs from the main school budget, but the calculation of the Nursery Class budget to be taken away from schools supported at question 2 included the current funding for these costs in the age weighted pupil unit so the relevant funds are proposed to be added into the EYSFF and therefore this is where the costs need to be charged. The final comment received on this question relates to accommodation and is therefore dealt with the other similar comments in the following paragraph.
- 5.18 10 PVI providers (16% of all providers) did not support the calculation of accommodation costs at question 12, which is half of PVI provider respondents. As set out in the consultation document, results from the costing surveys indicated extremely varied costs in the sector, ranging from mortgages on houses to pepper corn rates for church halls and long term lettings agreements. One comment stated that Ofsted has limited the size of setting in their accommodation to 24 children thereby limiting the admissions and therefore funding received for accommodation. Larger settings that admit more children receive more funding but accommodation hire costs are generally fixed for the rooms and facilities used, thereby disadvantaging smaller providers. The other two comments made on this relate to having relatively low participation rates and therefore do not receive sufficient income to cover costs.
- 5.19 9 comments were received on the general issue of the proposed hourly base rate. Two were generally supportive, with a third provider unsure whether it will fully cover costs. A

further two providers suggested that funding for accommodation was insufficient, which makes five in total when added to those detailed with question 12 at paragraph 5.18. The remaining four providers suggested that the maintained sector is treated more favourably, for example through the funded staffing ratios and that they have more capacity to absorb the erratic changes in income than the PVI sector has to deal with from a smaller income base.

Supplementary payment for deprivation (questions 14-18)

- 5.20 Whilst none of the proposals were opposed by the 15% of providers set as the significance threshold in paragraph 5.10, 13 (21% of all providers) did make a comment on this element of the EYSFF. Nine of the comments believe that funding should be allocated based on a child's postcode, rather than the current proposal to use setting location as the child post code is considered a more accurate measure of deprivation in a setting. Of the remaining comments, three providers supported a deprivation element and one opposed it.

Supplementary payment for quality of provision (questions 19-20)

- 5.21 This section of the consultation did not find favour with the PVI sector providers that made a response. 15 PVI providers (23% of all providers) did not agree that staff qualifications were the most appropriate measure for quality of provision (question 19). Furthermore, 10 PVI providers (16% of all providers) did not agree with the proposed bands of funding being proposed (question 20).
- 5.22 This element of the EYSFF is structured around national and local priorities where improving workforce qualifications is seen as a key driver for making improvements in the quality of provisions. The only alternative suggested was the Ofsted inspection judgement, but this is considered inappropriate as it reflects a judgement from a short period inspection and may not be reviewed for 5 years. Also, not all providers have been inspected by Ofsted so there would be difficulties in establishing the level of funding for these settings.
- 5.23 Four respondents believed that the proposals favoured the maintained sector and the higher salaries paid, three suggested that qualifications don't always result in higher quality workforce as experience and practical skills also have a role to play and one respondent believed funding should be allocated where all staff are Level 3 as this is a major achievement. Finally, two respondents commented that they could not afford to train staff to the higher levels because the funding only increases when staff have achieved the new qualifications.

Supplementary payment for additional educational needs (questions 22-25)

- 5.24 The consultation proposals on AEN related to seeking views on whether AEN should be recognised in the EYSFF as the Provider Representative Group could not reach a clear view on this as a suitable, objective and readily available measure had not been identified. EAL had been identified as a potential measure but there were concerns that this did not always result in an AEN and additional cost requirement.
- 5.25 Of the responses received, 17 providers (27% of all providers) wanted an AEN measure in the EYSFF, with 16 (25% of all providers) supporting use of EAL, with funds allocated where the setting had 5% or more of its intake with EAL (question 23). In addition, 22 respondents (34% of all providers) supported a request being made to the Schools Forum to set aside funding in a budget to be managed by the Council (question 25). Of the general comments received, seven respondents specifically supported the creation of a specific budget to support special educational needs.

Transitional funding arrangements (questions 29-35)

- 5.26 Whilst there was general support to the proposals to limit changes in hourly funding rates to no more than 3% in any one year, over a four year period, it has subsequently been established that the DCSF require transitional arrangements to last no more than three years and a new proposal is set out below at paragraph 5.37. The proposal to review this after two years, to fix the data used for funding purposes for the duration of the transitional period for relevant providers and to fund any costs associated with transition from new growth were generally supported through the responses and therefore remain unchanged.

Overview of comments from the briefing sessions

- 5.27 Notes of comments were taken at each of the briefings and whilst these may not have filtered through in the responses, they are considered an important part of the process as they allowed the general mood of the meeting to be judged which cannot so easily be captured from reading written responses. The main themes arising from these meetings were:
1. that deprivation should be measured by child post code, not that of the provider as used in the consultation document.
 2. the qualification supplement should be calculated from the full time equivalent staffing qualifications and not from an average of the head count as used in the consultation document.
 3. PVI's are seen as being disadvantaged compared to maintained schools. In particular due to their relatively small size, with schools able to use other parts of their budget to subsidise early years, the current admissions policy, which has a great impact on how they operate, and the national pay scales that create high costs and are funded accordingly due to the actual cost approach taken in the EYSPF.
 4. Some PVI providers incur additional accommodation costs due to restrictions on their buildings. For example, this can limit the number of children that can be admitted or require additional time to be spent on set up and pack away for each session.

Conclusion

- 5.28 This is a detailed, and in some places complex consultation which aims to be transparent to providers and to enable issues to be identified and considered.
- 5.29 There was a very good attendance at the evening briefing sessions (68% of all providers) which was followed up with a lower level of written responses (42% of all providers). Responses are generally supportive of proposals, although as expected with some providers set to lose funding, a number of negative replies were received. As set out in paragraph 5.11, the majority of responses to 38 of the 40 questions were either in agreement or undecided on the proposal. Where there was less support for the proposals, 7 questions had over 30% of respondents (9 providers) in disagreement. Only one question, the use of staff qualifications to measure quality of provision, had more respondents disagreeing than agreeing with the proposal, although no suitable alternative was identified.
- 5.30 Insufficient negative responses are considered to have been received to make any significant changes to the proposals contained in the consultation and where there has been disagreement, very few alternative proposals have been made. However, a number of changes are recommended and these are set out below from paragraph 5.31.

Changes now proposed

- 5.31 Reviewing the responses and further checking of the original proposals has identified some areas where the suggested changes will result in improvements, to either reflect a better solution or in one instance, to correct an error. In making changes to the proposals, it is important to remain focused on the key objectives of the changes which require a consistent approach to funding for all providers, that it is built around the actual cost bases of different provider types and that providers receive financial incentives to improve quality and tackle deprivation where this is significant.

Financial implications of the new proposals are set out between paragraphs 5.39 and 5.42.

- 5.32 There was one fairly significant error in the consultation document and this related to the £0.15 deduction to the maintained sector hourly base rate to prevent double funding when the qualification supplement is added. This amount did not include the £0.10 added to the qualification rates at the end of the review process as an additional incentive to providers over and above the actual cost increase to improve staff qualifications. The deduction should therefore be £0.25 and a further £0.10 deduction needs to be made to the hourly funding rate of all maintained sector providers. This correction reduces the overall cost of the proposals by £0.028m.
- 5.33 The issues raised around accommodation costs are not surprising considering the wide range of facilities being used with varying costs. This is seen as a real issue which was highlighted in the consultation and therefore an additional £0.05 is proposed to be added to the hourly base rate. This will go to all PVI providers (none in the maintained sector), and will cost £0.029m and effectively spends the additional funds freed up in paragraph 5.32.
- 5.34 Two changes are proposed to the data to be used in allocating funds to providers. For deprivation, it is proposed to use the postcode rating for the child home address, rather than provider location as the view from responses is that this would be more appropriate. To ensure that settings receive the same hourly funding rate for all children, a ranking will be calculated for each provider based on the average deprivation score from each child. This ranking will then determine whether the provider receives the deprivation supplement or not. Based on the 2008-09 data, this change in data results in 11 providers receiving an increase in their hourly funding (2 in maintained sector and 9 in PVI) 13 providers receiving a decrease (4 in maintained and 9 in PVI), and 15 subject to no change. The overall allocation of funds has reduced by £0.003m.
- 5.35 The second data change is proposed on the workforce qualifications data where full time equivalent weightings will now be applied to calculate the average qualifications in a setting rather than using straight head count data. This impacts only in the PVI sector, when at the deadline for this report, updated information from 7 providers indicated that 5 would receive an increase in hourly funding and 2 a decrease. This allocates a further £0.006m. If these returns are representative of all providers, overall costs would increase by £0.042m
- 5.36 In respect of AEN funding, whilst a majority of respondents supported allocating funds based on EAL where this is more than 5% of a setting's intake, this is not recommended to be adopted as EAL does not always result in a cost increase. The final proposals of this report therefore only recommend retaining a central budget to support pupils with special educational needs.
- 5.37 Changes are also required to the initial proposals around transitional funding arrangements. In order to meet DCSF requirements, it is now proposed to move providers straight to the EYSFF where the change is less than 2.5%, with all other providers moving to the EYSFF by an equal third of their change over a three year period. This proposal is

broadly cost neutral, even after allowing for a reduction in the threshold proposed in the consultation from 3% to 2.5% before protection applies.

- 5.38 Assuming all of the above proposed changes are agreed, Table 2 below sets out the proposed hourly funding rate for the EYSFF, which based on 2008-09 data, will result in an overall increase in costs of £0.011m compared to current arrangements.

Table 2: Hourly funding rate for the EYSFF after reviewing the outcomes from the consultation

Element of the Formula	Proposed Hourly Funding	
	Maintained	PVI Sector
<u>Hourly base rate</u>		
Gross hourly base rate:		
Average staff and employer on-costs	£2.20	£1.75
Sickness and other staff absence	£0.15	£0.30
Cost pressure from maintaining staffing ratios - etc	£0.25	£0.25
Cost of staff training	£0.10	£0.10
Support costs	£0.60	£0.65
Accommodation	£0.00	£0.40
Profit element	£0.00	£0.10
Sub total - Gross hourly base rate	£3.30	£3.55
Deductions from hourly base rate (to remove duplicate funding)		
Deprivation – costs included in gross hourly base rate	-£0.10	-£0.10
Quality– costs included in gross hourly base rate	-£0.25	£0.00
Sub total - deductions from gross hourly base rate	-£0.35	-£0.10
Base Hourly Rate - Minimum Funding Level	£2.95	£3.45
<u>Supplements</u>		
Deprivation	£0.00 - £0.30	£0.00 - £0.30
Quality	£0.00 - £0.45	£0.00 - £0.45
AEN	£0	£0
Sub total - supplements	£0.00 - £0.75	£0.00 - £0.75
Total Hourly Rate: Maximum	£2.95	£3.45
Total Hourly Rate: Minimum	£3.70	£4.20
Current hourly funding	£3.30	£3.66

Financial implications arising from the proposals

- 5.39 The financial implications from the proposals at provider level, based on 2008-09 data, are set out in Annex C with Annex D illustrating the impact of the transitional protection arrangements, a summary of which follows, with where relevant, a comparison with the impact arising from the original proposals:
- a. There would be 29 providers gaining (was 23); 13 less than 2.5%; 9 between 2.5% and 5%; 6 between 5% and 10%; 1 more than 10%.

- b. There would be 32 losers (was 40); 14 less than 2.5%; 10 between 2.5% and 5%; 8 over 5%.
- c. Maximum provider increase in hourly funding is 12.1% (no change) with the largest reduction at 5.7% (was 7.1%).
- d. Of the 29 providers that have increased hourly funding, 10 are in the maintained sector (was 14) and 19 in PVI (was 9).
- e. Of the 32 providers that have a decrease in hourly funding, 2 are in the maintained sector (was 0) and 30 are in the PVI sector (was 40).
- f. 3 providers, all in the maintained sector, face no change (was 1).
- g. Overall, around £0.025m (1.2% of the PVI budget) has been moved from PVI to maintained sector (was £0.050m – 2.3% of the PVI budget).

5.40 The proposed amendments have clearly reduced the significance of the changes and go some way to allaying the fears expressed by PVI providers.

5.41 In addition to the cost of running the EYSFF, a number of proposals have been made in the consultation to set Council managed budgets to support the new arrangements. These are set out below in Table 3.

Table 3: Financial implications arising from the proposals

Item	Amount £m
Net impact from EYSFF (2008-09 data) (1)	+0.011
<u>Budgets to be managed by the Council (estimated amounts):</u>	
Sustainability Fund	0.015
SEN fund	0.015
Contingency for in-year growth, additional qualifications top-ups, unforeseen items etc	0.045
Total proposed Council managed budgets	0.075

(1) This includes all of the proposals now being made in respect of funding to be directly allocated to providers at the start of each financial year. Whilst one of the objectives was to make sure any changes could be funded from within existing funds, the operation of a Formula based approach was always going to make this difficult. An increase of £0.011m is considered insignificant on this £3m budget.

5.42 At this stage, the initial 2010-11 budget proposals have included provision for the additional costs arising from this paper. All budget decisions will need to be reviewed by the Schools Forum in February in the light of more up to date data, which may require further changes.

Views of the Provider Representative Group

5.43 Due to the adverse weather conditions, the Provider Representative Group meeting scheduled for 13 January to review the outcomes from the consultation and make recommendations to the Forum had to be cancelled. A further meeting has been scheduled, and whilst this will be before this meeting of the Forum, it will be after the publication deadline for this report. Therefore, a verbal update on views of the Provider Representative Group is proposed to be made.

Date for implementation

- 5.44 The EYSFF was originally required to be in place by April 2010, but has now been delayed by one year to April 2011 as on 10th December, Dawn Primarolo, the Minister for Children, Young People and Families indicated that “a significant number of local authorities are experiencing difficulty in developing their EYSFF. More recently, parents and providers, from both the maintained and the PVI sectors, have expressed concerns about the potential adverse impact on provision if the EYSFF is introduced now.”
- 5.45 This decision was taken following a survey of LAs. “The data and information we have collected now suggests that less than a third of local authorities will be in a secure position to implement their EYSFF from April 2010. While it is difficult to generalise about the underlying reasons it seems clear that some local authorities have experienced serious difficulties in obtaining accurate data from their providers, while others have simply found the task extremely challenging.”
- 5.46 The position in Bracknell in terms of readiness to implement is that processes are well advanced with a small number of concerns from providers – as set out above in the outcomes from the consultation – and therefore an April 2010 change can be achieved. A delay at this stage is considered unnecessary due to the good progress made and would prolong the process which in turn would impact on workloads and create uncertainty for providers. There is also a danger that it would be difficult to pick up momentum once the process had been slowed down.
- 5.47 The Forum is therefore recommended to support an application to the DCSF from the Council to be a Pathfinder authority that will implement the EYSFF in April 2010.

Next Steps

- 5.48 Subject to any comments from the Provider Representative Group, final proposals for the EYSFF agreed by the Forum will be presented to the Executive Member for a decision in February.
- 5.49 The proposals in this paper, if agreed, will allow for the new Funding Formula to be implemented at April 2010 and provisional budgets issued to providers in March.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal requirements are contained within the body of the report.

Borough Finance Officer

- 6.2 The financial implications arising from this report are set out in the supporting information and will need to be considered as part of the overall Schools Budget and will be subject to Executive Member decision in accordance with the budget strategy of the Schools Forum and the Council.

Impact Assessment

- 6.3 There are no specific impact assessments arising from this report as the admissions policy is not being changed.

Strategic Risk Management Issues

- 6.4 The proposal will reduce the level of funding allocated to some providers. Whilst there is a transitional funding scheme in place to phase the changes in over three years and £0.015m in a Sustainability Fund to assist providers facing financial hardship, there remains a risk that some providers will go out of business creating gaps in available places. However, a greater risk to provider profitability relates to a reduction in the number of children attending settings for reasons of parental choice and other factors outside the impact of this report which are therefore separate issues.

7 CONSULTATION

Principal Groups Consulted

- 7.1 All providers in Bracknell Forest; teacher associations and non teaching unions.

Method of Consultation

- 7.2 Responses to a written consultation document from the Acting Director of Children, Young People and Learning, three evening briefings to providers, presentation to bursars in maintained schools.

Representations Received

- 7.3 The representations received are summarised in the body of this report and detailed in the annexes.

Background Papers

Apprenticeships, Skills, Children and Learning Act 2009

Childcare Act 2006, Section 7

The 2006 Code of Practice on the provision of nursery education places for 3 and 4 year olds

The Extension to the free early education entitlement for 25 percent of 3 and 4 year olds: Interim guidance for local authorities July 2008

Draft DCSF Funding Regulations

Children's Plan – Building Better Futures

Various reports to the Single Funding Formula Representative Group

10th December letter from Dawn Primarolo, the Minister for Children, Young People and Families

Contact for further information

David Watkins, Chief Officer: Performance and Resources
David.watkins@bracknell-forest.gov.uk

01344 354061

Paul Clark, Head of Departmental Finance - 01344 354054
paul.clark@bracknell-forest.gov.uk

Karen Frost, Early Years and Childcare Manager – 01344 354024
karen.frost@bracknell-forest.gov.uk

Doc. Ref

G:\New Alluse\Executive\Schools Forum\43) 280110\Proposed Early Years Single Funding Formula

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION							
ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
Current Funding Arrangements:							
1	Do you agree that where for simplicity, it makes sense for certain costs and associated funding levels for maintained nursery classes to be met by the main school budget or central Council budget, then this continues?						
	Yes	17	5	22	81%	34%	
	No	0	0	0	0%	0%	
	Undecided	5	0	5	19%	8%	
	No reply					58%	
				27		64	
2	Do you agree with the calculation proposed at Appendix C to determine the level of funds in maintained nursery classes to be removed from the existing main school budget and in future included in the Formula?						
	Yes	10	5	15	56%	23%	
	No	3	0	3	11%	5%	
	Undecided	9	0	9	33%	14%	
	No reply					58%	
				27		64	
Establishing current costs:							
3	Do you agree that data from the cost surveys should be used to establish current costs of different types of settings, unless it is considered incomplete or unreliable, in which case other supplementary surveys and data sources should be used?						
	Yes	15	5	20	74%	31%	
	No	5	0	5	19%	8%	
	Undecided	2	0	2	7%	3%	
	No reply					58%	
				27		64	
Conclusions and recommendations on Formula composition							
The Hourly Base Rate:							
4	Do you agree that the proposed elements of the hourly base rate cover the significant cost elements facing the majority of providers?						
	Yes	9	4	13	48%	20%	
	No	9	0	9	33%	14%	
	Undecided	4	1	5	19%	8%	
	No reply					58%	
				27		64	
5	Do you support the calculation made to establish the average direct staff cost?						
	Yes	7	5	12	44%	19%	
	No	12	0	12	44%	19%	
	Undecided	3	0	3	11%	5%	
	No reply					58%	
				27		64	

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
<p>6 Do you agree that for long term absences other than for sickness, such as maternity leave, the existing arrangements should be retained for maintained nurseries where the LA holds the funds and meets the costs, with a funding allocation made to PVI providers who would be responsible for paying any cover requirements?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>18</p> <p>1</p> <p>3</p>	<p>5</p> <p>0</p> <p>0</p>	<p>23</p> <p>1</p> <p>3</p>	<p>85%</p> <p>4%</p> <p>11%</p>	<p>36%</p> <p>2%</p> <p>5%</p> <p>58%</p>	<p>27</p>	<p>64</p>
<p>7 Do you support the calculation made to establish the funding to be allocated to providers for sickness and other staff absence?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>15</p> <p>2</p> <p>5</p>	<p>5</p> <p>0</p> <p>0</p>	<p>20</p> <p>2</p> <p>5</p>	<p>74%</p> <p>7%</p> <p>19%</p>	<p>31%</p> <p>3%</p> <p>8%</p> <p>58%</p>	<p>27</p>	<p>64</p>
<p>8 Do you support the calculation made to establish the funding to be allocated to providers for when settings are staffed below the minimum staff / child ratios that are assumed in the Formula?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>12</p> <p>6</p> <p>4</p>	<p>5</p> <p>0</p> <p>0</p>	<p>17</p> <p>6</p> <p>4</p>	<p>63%</p> <p>22%</p> <p>15%</p>	<p>27%</p> <p>9%</p> <p>6%</p> <p>58%</p>	<p>27</p>	<p>64</p>
<p>9 Do you support the calculation made to establish the funding to be allocated to providers to finance continuous staff training?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>15</p> <p>5</p> <p>2</p>	<p>5</p> <p>0</p> <p>0</p>	<p>20</p> <p>5</p> <p>2</p>	<p>74%</p> <p>19%</p> <p>7%</p>	<p>31%</p> <p>8%</p> <p>3%</p> <p>58%</p>	<p>27</p>	<p>64</p>
<p>10 Do you support the calculation made to establish the funding to be allocated to providers for support costs?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>9</p> <p>10</p> <p>3</p>	<p>5</p> <p>0</p> <p>0</p>	<p>14</p> <p>10</p> <p>3</p>	<p>52%</p> <p>37%</p> <p>11%</p>	<p>22%</p> <p>16%</p> <p>5%</p> <p>58%</p>	<p>27</p>	<p>64</p>
<p>11 Do you support the proposal to only fund PVI providers for accommodation, with maintained schools continuing to be funded for the accommodation costs of their Early Years provisions through their main school budget?</p> <p>Yes</p> <p>No</p> <p>Undecided</p> <p>No reply</p>	<p>19</p> <p>1</p> <p>2</p>	<p>5</p> <p>0</p> <p>0</p>	<p>24</p> <p>1</p> <p>2</p>	<p>89%</p> <p>4%</p> <p>7%</p>	<p>38%</p> <p>2%</p> <p>3%</p> <p>58%</p>	<p>27</p>	<p>64</p>

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
12	Do you support the calculation made to establish the funding to be allocated to PVI providers for accommodation?						
	Yes	4	14		52%		22%
	No	0	10		37%		16%
	Undecided	1	3		11%		5%
	No reply						58%
				27		64	
13	Do you support the calculation made to establish a profit element for PVI providers?						
	Yes	3	17		63%		27%
	No	1	6		22%		9%
	Undecided	1	4		15%		6%
	No reply						58%
				27		64	
Supplementary payments to the hourly base rate							
14	Do you agree that relative deprivation should be measured via the Income Deprivation Affecting Children Index?						
	Yes	5	16		59%		25%
	No	0	3		11%		5%
	Undecided	0	8		30%		13%
	No reply						58%
				27		64	
15	Do you agree that the deprivation supplement needs to be funded from a deduction to the Hourly Base rate?						
	Yes	5	9		33%		14%
	No	0	8		30%		13%
	Undecided	0	10		37%		16%
	No reply						58%
				27		64	
16	Do you agree that the total funds allocated by deprivation measures to providers should be set at around 3% of the total budget, half the proportion of funding received by BFC through deprivation measures from the Government?						
	Yes	4	10		37%		16%
	No	0	6		22%		9%
	Undecided	1	11		41%		17%
	No reply						58%
				27		64	
17	Do you agree that only the 60% most deprived providers should receive deprivation funding?						
	Yes	5	12		44%		19%
	No	0	6		22%		9%
	Undecided	0	9		33%		14%
	No reply						58%
				27		64	

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
18 Assuming only 60% of providers receive funding for deprivation, do you agree that funding should be further targeted so that the top 10% be funded at 3 times the basic rate (Band 3), the next 25% at 2 times the basic rate (Band 2) and the final 25% at the basic rate (Band1)? Yes No Undecided No reply	1 2 19 0	4 0 1 0	5 2 20 0	19% 7% 74% 0%	8% 3% 31% 58%	27 64	
Quality of provision: 19 Do you agree that relevant staff qualifications data is the most appropriate measure for quality of provision? Yes No Undecided No reply	4 15 3 0	5 0 0 0	9 15 3 0	33% 56% 11% 0%	14% 23% 5% 58%	27 64	
20 Do you agree that the proposed bandings and their relative funding proportions are correct? Yes No Undecided No reply	5 10 7 0	5 0 0 0	10 10 7 0	37% 37% 26% 0%	16% 16% 11% 58%	27 64	
Quality of provision - funding adjustment for maintained sector providers:							
21 Do you agree that to ensure an equitable level of funding between providers, that the direct staff cost element of the Hourly Base rate for maintained sector providers should be reduced by £0.15 to remove double funding? Yes No Undecided No reply	12 3 7 0	4 0 1 0	16 3 8 0	59% 11% 30% 0%	25% 5% 13% 58%	27 64	
Other items for consideration around provider funding							
Supplementary payment to providers for Additional Educational Needs:							
22 Do you think the Formula should include an element to fund additional educational needs? Yes No Undecided No reply	13 5 4 0	4 1 0 0	17 6 4 0	63% 22% 15% 0%	27% 9% 6% 58%	27 64	
23 Do you think that funding should be paid directly to providers for English as An Additional Language where there are more than 5% of children in the setting? Yes No Undecided No reply	13 2 7 0	3 1 1 0	16 3 8 0	59% 11% 30% 0%	25% 5% 13% 58%	27 64	

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
24 Do you have any suggestions on a readily available, objective factor that could be used to recognise the costs of additional educational needs? Yes No Undecided No reply	3 13 6	2 3 0	5 16 6		19% 59% 22%		8% 25% 9% 58%
				27		64	
25 Do you agree that the Schools Forum should be requested to set aside contingency funding to support providers admitting children with special educational needs, where agreed with the Council? Yes No Undecided No reply	17 0 5	5 0 0	22 0 5		81% 0% 19%		34% 0% 8% 58%
				27		64	
Sustainability and sufficiency of providers:							
26 Do you agree that additional financial support should be paid to providers where this is necessary for the Council to meet its duty to ensure sufficient places are available? Yes No Undecided No reply	19 0 3	5 0 0	24 0 3		89% 0% 11%		38% 0% 5% 58%
				27		64	
27 Do you agree that additional financial support should be paid to providers where this is necessary for the Council to meet its duty to ensure sufficient places are available? Yes No Undecided No reply	0 0 0	0 0 0	0 0 0		0% 0% 0%		0% 0% 0% 100%
				0		64	
28 Do you agree that the proposed eligibility criteria should be adopted as the policy? Yes No Undecided No reply	11 1 10	5 0 0	16 1 10		59% 4% 37%		25% 2% 16% 58%
				27		64	
Transitional funding arrangements:							
29 Do you agree that transitional arrangements should be put in place to smooth the financial impact of the Formula? Yes No Undecided No reply	20 1 1	5 0 0	25 1 1		93% 4% 4%		39% 2% 2% 58%
				27		64	

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
30 Do you agree that the maximum change in the hourly funding rate that a provider should face each year is 3% (either increase or decrease)? Yes No Undecided No reply	15 3 4 	4 1 0 	19 4 4 		70% 15% 15% 		30% 6% 6% 58%
				27		64	
31 Do you agree that where a provider faces a change in funding of no more than 6% that this should be phased in over 2 years? Yes No Undecided No reply	12 6 4 	4 1 0 	16 7 4 		59% 26% 15% 		25% 11% 6% 58%
				27		64	
32 Do you agree that where a provider faces a change in funding of more than 6%, that 3% should be implemented in the first year, with the balance implemented equally over the next 3 years? Yes No Undecided No reply	14 2 6 	3 2 0 	17 4 6 		63% 15% 22% 		27% 6% 9% 58%
				27		64	
33 Do you agree that the transitional funding scheme should last for up to 4 years, with a review after 2 years? Yes No Undecided No reply	14 6 2 	3 2 0 	17 8 2 		63% 30% 7% 		27% 13% 3% 58%
				27		64	
34 Do you agree that to incorporate stability and predictability of funding for providers, those providers within the scheme at April 2010 will have their funding data frozen and receive confirmed hourly funding rates for the whole period they qualify for transition? Yes No Undecided No reply	6 7 9 	5 0 0 	11 7 9 		41% 26% 33% 		17% 11% 14% 58%
				27		64	
35 Do you agree that if any additional costs arise from the transitional arrangements that the Schools Forum be requested to allocated new funds? Yes No Undecided No reply	19 0 3 	5 0 0 	24 0 3 		89% 0% 11% 		38% 0% 5% 58%
				27		64	

EYSFF – OUTCOMES FROM FINANCIAL CONSULTATION

ITEM	TOTALS			Respondents		All providers	
	PVI	Maintained	Total	No.	%	No.	%
Payment arrangements to providers:							
36	Do you agree that payments to providers should continue to be made on the current twice termly basis?						
	Yes	4	26		96%		41%
	No	0	0		0%		0%
	Undecided	1	1		4%		2%
	No reply						58%
				27		64	
Frequency that data used for funding purposes should be updated:							
37	Do you agree that where there is a choice on updating data used for funding purposes that this should be done once a year from the January census return?						
	Yes	4	18		67%		28%
	No	1	7		26%		11%
	Undecided	0	2		7%		3%
	No reply						58%
				27		64	
Flexibility:							
38	Do you agree with the local definition of flexibility?						
	Yes	3	17		63%		27%
	No	0	4		15%		6%
	Undecided	2	6		22%		9%
	No reply						58%
				27		64	
39	Do you agree with the proposed flexibility test that must be met to receive additional funding?						
	Yes	3	14		52%		22%
	No	0	5		19%		8%
	Undecided	2	8		30%		13%
	No reply						58%
				27		64	
40	Do you agree with the proposed funding thresholds for settings for additional flexibility of provision, based on weekly hours, once the test has been met?						
	Yes	3	14		52%		22%
	No	0	5		19%		8%
	Undecided	2	8		30%		13%
	No reply						58%
				27		64	
41	Do you agree with the proposed hourly supplement rate for flexibility of provision?						
	Yes	3	14		52%		22%
	No	0	4		15%		6%
	Undecided	2	9		33%		14%
	No reply						58%
				27		64	
Number of responses:		22	5	27			
		44.90%	33.33%	42.19%			

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS		
1	Do you agree that where for simplicity, it makes sense for certain costs and associated funding levels for maintained nursery classes to be met by the main school budget or central Council budget, then this continues?	
	St Michaels's Childcare Trust	As long as the same items are included in the PVI formula
2	Do you agree with the calculation proposed at Appendix C to determine the level of funds in maintained nursery classes to be removed from the existing main school budget and in future included in the Formula?	
	Owlsmoor Pre-school	On discussion with colleagues it was felt that this can not allow for the extra workload management have to meet to sustain a voluntary setting in terms of time management and professional costs for company procedures etc. Time given and not charged for - unlike schools with admin officers etc
	South Hill Park Pre-school	It would appear that maintained nursery classes will still benefit from far more funding as a result of being part of the school. I will cover this in Q10
	St Michael's Childcare Trust	No evidence is presented that everything has been included and that maintained nurseries will still receive subsidies from the main school budget. Indeed, schools with an eye on future pupil numbers in the school and with their school budgets behind them, have many opportunities to do a "loss leader" for their nurseries. PVI do not have the financial security to do the same and are therefore disadvantaged
3	Do you agree that data from the cost surveys should be used to establish current costs of different types of settings, unless it is considered incomplete or unreliable, in which case other supplementary surveys and data sources should be used?	
	Building Blocks Pre-school	Does the data used provide a true reflection of costs – PVI staff seem to do a fair amount of unpaid work
	Little Acorns Montessori School	This data seems to be incomplete and also items such as rental costs have been grossly underestimated
	Plus Three Nursery Schools –FW	The current proposals do not reflect our current hiring costs. A figure of £10 p/h was quoted yet all 3 of my settings are substantially more than that, one hiring is almost £17 p/h. Settings that set up and clear away each day pay staff costs of additional 33 % per day. The current proposal fails to take this into account. The PVI settings that set up/clear away will be the biggest losers under this proposed formula, yet we have the highest costs, this is wrong! Staff pay rises have also not been taken into account.
74	South Hill Park Pre-school	However we have not been told when data has been considered incomplete or unreliable. Data will vary enormously as PVI settings can be very different, but this does not make the data invalid
	Stepping Stones Playgroup	As long as there is a full consideration of reliability and completion for all data
	St Michael's Childcare Trust	Contrary to question 2, there is no list of the data categories included. This indicates a lack of understanding of PVI costs.
	The College Nursery	With the many different ways that settings are run it is a complicated issue and very difficult to make it fair across the board
4		
5	Do you support the calculator pm made to establish the average direct staff cost?	
	Meadow Vale Primary	Staff costs-we supplement our early years funding from main budget to ensure a ratio of 1:9 in the nursery
	Building Blocks Pre-school	Pack away settings have different staffing requirements due to lack of appropriate facilities eg toilets outside of the main hall requiring staff, access and safe cover for outside areas, kitchen access. Have to cover staff costs and hall rental for set up and pack away time for a 2.5 hour session although your model was worked out on 2 x 2.5 hours sessions per day. NB: How about central government initiative costs - this consultation, EYFS-can't be covered in admin costs.
	St Michael's Childcare Trust	In PVI's, staff pay is very much based on what can be afforded from the funding, not on national pay scales. In the interests of fair competition, the staff costs should be reworked based on national pay scales, not what is being paid. With schools taking 4 year olds and probably subsidising them from the main school budget (as a "loss leader") PVI's are forced to take 2 year olds to survive. Staffing levels for this are 1:4 and not 1:8, so staffing ratios are too low in the formula. So we have unfair competitive situation between schools, with their financial might, and PVI's who are forced into to taking 2 year olds to survive but without the funding for the increased staffing levels required.
6		No comments

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

7	Do you support the calculation made to establish the funding to be allocated to providers for sickness and other staff absence?	
	St Michael's Childcare Trust	No evidence is presented to support the assertion is presented for PVI's. Schools with their larger staffs are able to provide short-term cover for sickness without breaking their staffing ratios. PVI's have to pay staff cover to maintain their ratios. So 12 days, based on school data, is probably too low for a PVI
8		No comments
9	Do you support the calculation made to establish the funding to be allocated to providers to finance continuous staff training?	
	South Hill Park Pre-school	PVI settings would have a high staff training cost than maintained. We have more staff and many of them come into the job completely unqualified. To reach a high quality we support all staff to then reach their full potential
10	Do you support the calculation made to establish the funding to be allocated to providers for support costs?	
	Building Blocks Pre-school	Not all facilities available on site e.g. photocopier, printer, pc, internet. Use of these tends to be at home in own time.
	South Hill Park Pre-school	Support costs do not cover enough. Premises costs need to include maintenance when PVI settings own their buildings or are responsible for them. It seems very unfair to provide the same costs to both maintained and PVI for 'running costs' and 'admin' as maintained nurseries would receive much of this from the school - they would not have a separate electricity bill or their own cleaner/caretaker/printing bills/recruitment costs etc etc
	St Michael's Childcare Trust	Support and accommodation costs are based on 30 children. If OFSTED sets a lower level, these PVIs are immediately disadvantaged in the formula. At St Michael's the OFSTEAD limit is 24. We would take more but we are not allowed to. However, in the formula the support and accommodation costs are the same as for a larger setting. The formula must include the regulated number of places in a setting to adjust for the relatively higher overhead costs in a small settings.
	The College Nursery	Maintained should be meet by the main school budget
11		No comments
12	Do you support the calculation made to establish the funding to be allocated to PVI providers for accommodation?	
	Building Blocks Pre-school	BFBC charge high rental and offer no reduction for long term rental compared to figures used as averages. Figures based on maximum size setting might not be full but rental stays the same.
	South Hill Park Pre-school	The accommodation calculation assumes that a setting would be able to just have funded children all in the same session. As much as you would like to you CANNOT ignore our 2 year olds. We may not receive funding for them but without them many of us would not have a business (due to schools taking children into reception at age 4). Therefore BFC would have to find them somewhere to go - I doubt there are enough nursery spaces & these do not suit all parents

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

13	Do you support the calculation made to establish a profit element for PVI providers?	
	Ascot & Cranbourne Pre-school	Its hard to know if all of the above will work until its in practice. We hope that it will cover our costs
	Braken Bears Day Nursery	The funding required for accommodation in the PVI sector should be at least double this calculation to cover the cost
	Building Blocks Pre-school	How has this been calculated - no information provided
	Little Acorn Montessori School	Maintained sector gets more money for staff where only 2 are required for 26 children and PVI given less but have to fund more staff and encourage graduate entry? Does not add up. The amount of money given to PVI's is being cut radically, we have to pay to give money to the maintained sector - not £3.60 to £3.40 but in real terms £3.80 to £3.40!!!
	Little Sandhurst Nursery Group	When minimum staff/child ratios were discussed have you calculated the fact that groups such as ourselves run at a 1:6 ratio to take into account 2 year old children – and therefore am I correct in understanding that the 25 pence per hour covers this? With regard to accommodation - your figures only cover for 3 hours per day = £5700 my groups accommodation is in excess of £11500 per annum as we are open for 6 hours maybe I have not understood correctly
	Newbold School	While this works all right for our setting I know several providers were upset that their large accommodation costs would not be covered by this new calculation
	Owlsmoor Pre-school	Costs are erratic and likely to increase considerably- will there be appropriate measure for PVI's? Staff costs cannot allow for the mixed age ranges PVI's have to meet to sustain and potential debt from fee's charged. Although a separate issue, may affect sustaining some PVI's in the future. We could not sustain on grant funded places alone, especially with the erratic transition to nursery currently.
	Plus Three Nursery Schools - FW	My understanding of the single funded formula was to offer a 'more level playing field' between PVI and maintained sector, from current proposals this is clearly not the case eg will the PVI sector receive fruit for the children? We were initially informed that once the single funded formula was introduced that non of us would be worse off and some of us would be better off, this is clearly not the case with my settings loosing 7.14% 7.14% and 1.64% respectively. We are barely able to sustain on the current funding, cuts will inheritably mean reducing outcomes for children due to our inability to afford all 'the extras' we like to provide our children
	Stepping Stones Playgroup	The principle of putting as much as possible into the base funding is sound - as long as the base data is accurate
76	St Michael's Childcare Trust	Profit: As charities, PVIs are not allowed to make profits by the Charity Commission. The Trustees are required to reinvest in the facility whilst ensuring their liabilities and risks are covered by holding adequate reserves. The level of reserves has to be justified to the Charity Commission. The biggest liability is closure and redundancy costs. I suspect that many PVI's do not hold sufficient reserves for this, eg one terms salary plus statutory redundancy costs. In addition this liability is salary related so increases each year. So the "profit" element has to be sufficient to establish the reserves required to cover liabilities and then increased in line with the salary element each year.
	The College Nursery	Those PVI that have charity status cannot make a profit
	Wasps	Nurseries in maintained schools have the back of the school budget. Size of the setting should allow the registered ofsted number not element based on 30 children
14	Do you agree that relative deprivation should be measured via the Income Deprivation Affecting Children Index?	
	Building Blocks Pre-school	Pockets of people in housing association properties now incorporated in all new builds so deprivation more spread around
15	No comments	
16	Do you agree that the total funds allocated by deprivation measures to providers should be set at around 3% of the total budget, half the proportion of funding received by BFC through deprivation measures from the Government?	
	Building Blocks Pre-school	Where is the "other half" and what is it used for?
17	No comments	

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

18	Assuming only 60% of providers receive funding for deprivation, do you agree that funding should be further targeted so that the top 10% be funded at 3 times the basic rate (Band 3), the next 25% at 2 times the basic rate (Band 2) and the final 25% at the basic rate (Band1)?	
	Ascot & Cranbourne Pre-school	Deprivation should be based on a child's postcode and not on the provider's postcode
	Birch Hill Pre-school	Where a setting is established in a new build area including low cost housing how can deprivation accurately be established on postcode
	Chavey Down Pre-school	Due to my rent being the highest in the borough to lose money because of not being in a deprived area seems slightly unfair
	Harmans Water Playgroup	Yes, but there is deprivation in other areas and if this is to be done it needs to be done fairly - percentage is vague
	Holly Spring Pre-school	Many deprived families are not living in deprived areas don't know how accurate this is
	Little Sandhurst Nursery Group	As discussed at the meeting I do agree that deprivation should not be measured by the post code of the setting - but by the postcodes of the children attending the setting.
	Newbold School	I'm not sure what to make of this really. If I had seen a nursery in a deprived area I might understand better what the extra funding goes towards.
	Plus Three Nursery Schools - FW	Deprivation should be measured on the postcode/family income of the child and not the setting
	South Hill Park Pre-school	BFC need to be sure that the deprivation money is used to benefit those that are deprived eg extra staff/training/resources. In some ways it would be better if the deprivation funding was completely separate. We would be visited by someone who could help us put in place measures that would really help and then receive the money for this.
	Stepping Stones Playgroup	As long as the calculation does not seriously penalise or threaten the sustainability of any settings then the deprivation formula makes democratic sense
	St Michael's Childcare Trust	Deprivation costs should be based on the address of the child, not that of the PVI setting as there are pockets of low cost housing. Deprivation ratios are 1:6 not 1:8 so the formula needs to be corrected.
	The College Nursery	I agree that something needs to be done to support children in the most need. Is the 60% locally or nationally?
	Wasps	Deprived areas are not only in certain postcode areas but low cost housing is a requirement to all new build houses therefore these areas need to be considered to. If the ratios are 1:6 in these areas this needs to be monitored to ensure the funding is used for this purpose
19	No comments	
20	Do you agree that the proposed bandings and their relative funding proportions are correct?	
	Braken Bears Day Nursery	This whole section is biased towards school ie maintained sector. This does not look at the PVI sector in terms of overall quality who may have high levels of NVQ3 but not have level 4
	Chavey Down Pre-school	Level 3 I feel is a major achievement and to have to tell staff that is not high enough for us to receive more money will be a very sore point
	Harmans Water Playgroup	I think it ensures groups are striving for the best BUT it is a no win situation for PVI, on our income we will struggle to employ/keep & train a QTS once we pay for them to be educated, they will then move on, our money will be lowered & we have to start over again, on less money.
	Holly Spring Pre-school	I see that in theory this is good but impossible for PVI to maintain. It costs to train, to employ & then don't stay in PVI sector. Impossible, cost us a lot of money for little/no gain. But I can see it is beneficial to child in theory. Is there anything for an outstanding group, this would insure excellent provision
	Little Sandhurst Nursery Group	Staff qualifications does not reflect the quality of the provision. We have just received outstanding overall from ofstead and we do not employ a degree qualified person. Quality should be measured by ofstead judgements not by qualifications.
	Newbold School	I have qualified and unqualified staff. Frequently the unqualified staff are more able than the qualified. As more and more staff become qualified it may even out.
	Owlsmoor Pre-school	Maintained sector has pay scales to attract graduates; 1:13 ratio with increase % of staff highly qualified. PVI's have many staff to enable various ratio requirements - increasing % figures qualification data should allow for how many staff have NVQ 2/3 - not just leaders as in PVI's leaders are involved with many management duties nursery leaders do not have to undertake eg staff management/contracts/CRB's/references etc therefore qualified staff is key to quality 1:1 with children
	Plus Three Nursery Schools - FW	Quality should also be measured on ofsted outcomes
	South Hill Park Pre-school	The highest 'quality' (& therefore highest payment) will be given to a setting where there is a qualified teacher and one level 3. A ratio of 1:13 is NOT quality, it is outrageous. To have a range of staff who are qualified to level 2/3 and at least one person working towards a foundation degree or similar represents a far higher quality level. Qualified teachers may have done a minimal amount of 'Early years' study within their degrees.
	Stepping Stones Playgroup	Although I agree that qualifications are an important part of a skilled work force there is no guarantee that this translates into a quality service delivery - it is a component. This sector is (PVI) predominately staffed by committed people with practical skills

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

	St Michael's Childcare Trust	The qualification element must be weighted by the hours worked by the individual staff, not average of all PVI staff. Many lower qualified staff only work a few hours whereas the high qualified staff work full time. The average qualification level is therefore higher than has been allowed for.
	The College Nursery	There's no account of experience and a qualification doesn't guarantee quality
	Wasps	Need to base it on full time equivalent not number of staff. Also take into account the hours staff work. PVI settings should be funded the same so they can employ staff on the same grades this improving the quality of the PVI workforce. As schools are now taking 4 yr olds, settings forced to take 2 year olds therefore ratios lower so staff costs higher.
21	Do you agree that to ensure an equitable level of funding between providers, that the direct staff cost element of the Hourly Base rate for maintained sector providers should be reduced by £0.15 to remove double funding?	
	Harmans Water Playgroup	It should be down to the parent to decide childcare arrangements, schools don't provide full day care at this age, parents needing to get back to work etc. We are meant to be doing what is best for the parent & child THIS IS NOT
	Holly Spring Pre-school	This is wrong we are doing what is best for parent/child, giving flexibility. We are meant to be working together to provide wrap around care.
	St Michael's Childcare Trust	The "double funding" reduction for maintained providers should be more as they have many opportunities to cross subsidise from their main school budget and better financial security.
22	Do you think the Formula should include an element to fund additional educational needs?	
	College Town Infant	Additional Ed needs should be needs led
	The College Nursery	Per child with additional needs
23	Do you think that funding should be paid directly to providers for English as An Additional Language where there are more than 5% of children in the setting?	
	Meadow Vale Primary	Threshold should be higher ie 8% of a 52 place setting ie 4 pupils
	The College Nursery	Keep it the same as now
24	Do you have any suggestions on a readily available, objective factor that could be used to recognise the costs of additional educational needs?	
	College Town Infant	Sen Register
	Meadow Vale Primary	Agree with a central fund- difficult as not many enter nursery with a statement
	Building Blocks Pre-school	As and when needed
	The College Nursery	"Every child matters" each child needs are so different
25	Do you agree that the Schools Forum should be requested to set aside contingency funding to support providers admitting children with special educational needs, where agreed with the Council?	
	Ascot & Cranbourne Pre-school	I thought the local authority provided extra funding for additional needs. I am not sure it should be part of the funding formula.
	Building Blocks Pre-school	Not all settings have EAL or SEN children in attendance whereas some settings have a lot (depends on area)
	Harmans Water Playgroup	I have reservations that will be successful at present we receive no or very little help in this area, this needs to be seriously looked at, as groups will be more reluctant not to take these children, as the costs will be too high. It take staff time & dedication typing reports and attending reviews etc as well as the actual care. Have really strong feelings on this subject, something needs to be done
	Holly Spring Pre-school	At the moment it is hard to receive funding for SEN. Staff put in a lot of hard work & it should be rewarded accordingly
	Little Acorn Montessori School	This funding has been dealt with separately historically and should remain that way otherwise this money could disappear into the larger budget
	Owlsmoor Pre-school	At this early stage of care it can take time to identify and have acknowledged concerns about SEN. This can affect the costs of our care as we 'manage' the situation in the interim period. We have in the past sustained the cost of extra support ourselves to ensure quality of care for the child. How can this be best supported?
	Plus Three Nursery Schools - FW	I feel strongly that SEN funding should remain separate per child individual need and not per setting in the formula
	South Hill Park Pre-school	Again I feel this should be separate from the rest of the funding. Somebody could visit settings to determine how best we could help children will EAL or SEN. This may be additional staff training, resources etc. In this way the money is always spent on the purpose intended.
	Stepping Stones Playgroup	Special needs must be kept separate from the formula to ensure that each need is independently assessed and appropriately supported
	The College Nursery	This could help with extra support for the staff and not necessarily on going
	Wasps	Hard to collect data so better to allocate on a needs basis as now.

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

26		No comments
27		No comments
28	Do you agree that the proposed eligibility criteria should be adopted as the policy?	
	Building blocks pre-school	How quickly can additional financial support be provided when so much information is required
	South Hill Park Pre-school	My fear is that poor quality settings will be 'rewarded'. The council need to ensure that settings are not kept open 'artificially' if the real reason for them not having enough children is that parents do not think they are good enough.
	Stepping Stones Playgroup	Financial support should only be made available once normal assessments have been exhausted
29		No comments
30		No comments
31		No comments
32	Do you agree that where a provider faces a change in funding of more than 6%, that 3% should be implemented in the first year, with the balance implemented equally over the next 3 years?	
	Meadow Vale Primary	Too Long
33	Do you agree that the transitional funding scheme should last for up to 4 years, with a review after 2 years?	
	Meadow Vale Primary	Too Long
34		No comments
35	Do you agree that if any additional costs arise from the transitional arrangements that the Schools Forum be requested to allocated new funds?	
67	Building Blocks Pre-school	It seems that council run/sure start type settings have gained the most whereas the PVI's which already struggle to cover costs will lose money. We feel unsupported and unwanted.
	Little Acorn Montessori School	There should be an annual review as government change could be radical changes
	Little Sandhurst Nursery Group	If your proposal hourly funding for my nursery decreases as proposed it will mean staff redundancies
	Plus Three Nursery Schools - FW	When this formula comes in, potentially PVI all need to purchase new database systems to accommodate hourly rate rather than a sessional rate and also to be able to offer more flexible care
	Stepping Stones Playgroup	Providers need to make reasonable assumptions as part of their planning - this however cannot be unrealistic and be fully protected against the general and 'unknown' challenges facing the economy in the next few years
	St Michael's Childcare Trust	The 3% step is large. It is the difference between profit and loss for some PVI's. To have it imposed year on year until the formula value is reached will be a disaster. Schools with their school budgets behind them will have no problem. The funding reduction could result in redundancy costs and will drive PVI's out of business. PVI's with small reserves will not be able to absorb the change. It takes time to adjust staffing or attract additional children.
	The College Nursery	From where?
36	Do you agree that payments to providers should continue to be made on the current twice termly basis?	
	South Hill Park Pre-school	This works well for us.

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

37	Do you agree that where there is a choice on updating data used for funding purposes that this should be done once a year from the January census return?	
	Sandy Lane Primary	Recalculation Jan & April & Sept
	Bracken Bears Day Nursery	The number of children in the nursery changes termly-the calculation of the data should be termly. If data was gathered at the beginning of the year only this would be at a period of low occupancy which would affect the cash flow for a whole year. January is the period when children leave to go to school
	Building Blocks Pre-school	Argument for this is unclear as changes occur from term to term
	Plus Three Nursery Schools - FW	Data should be collected termly and changes made termly, however, would increase admin
	South Hill Park Pre-school	Changes may occur during the year, eg staff reaching a higher level of qualification, and this should be reflected termly
	Stepping Stones Playgroup	January is not allowing a reliable barometer. Some form of annual averaging should be considered. Perhaps mean, mode reflection at head count day each term
	The College Nursery	The child population at PVI nurseries changes constantly, for us week by week so a termly update would be better. The same as the funding
	Wasps	This should be more regular
38	Do you agree with the local definition of flexibility?	
	The College Nursery	This is how we operate now and have done for many years. Some PVIs are limited by external factors and may only be able to meet some of the criteria will they be recognized. We offer flexibility to all children (2-5 yrs) are we considered inflexible where a GF child chooses only to attend the set hours, but over 2.5 days or different times to sessional hours?
39		No comments
40		No comments
41	Do you agree with the proposed hourly supplement rate for flexibility of provision?	
	Meadow Vale Primary	Has no intention of changing its current practice ie 12.5 hours
	Building Blocks Pre-school	Settings in community halls may have difficulty providing the level of flexibility required to get any additional payment and it may not be sustainable to provide that flexibility. We will struggle to provide 15 at all.
	Harmans Water Playgroup	But for some groups it is not easy to increase hours
	Little Acorn Montessori School	Smaller groups in hired halls will be penalised under this system whilst the maintained sector benefits - unfair as there is often little choice as to hours of opening and number of children in settling etc.
	Owlsmoor Pre-school	The 'leeway' may be difficult to sustain unless funding allows for an hour either side - staffing and maintaining such flexibility may otherwise prove costly
	Plus Three Nursery Schools - FW	For settings based on community halls, we are unable to extend our hours due to the hall being used in the afternoon by other users. It is unfair that we are penalised because of this
	South Hill Park Pre-school	It is difficult to agree with the proposed hourly rate supplement rate at this stage as we do not have our own calculations regarding the cost to the setting.
	Stepping Stones Playgroup	The flexibility concept is fine in principle. With no boundaries to work to it is possible that full flexibility will not be able to be met at a management price/cost. Each setting will face different challenges and limitations so flexibility will have different meanings to each setting.

FINANCIAL CONSULTATION – ADDITIONAL COMMENTS

	Additional comments	
	Plus Three Nursery Schools - FW	The PVI sector should be extremely concerned of their future in Bracknell Forest, should this proposal be adopted. Other local authorities appear to have achieved a much fairer outcome for both the maintained and PVI sector. As part of the PVI sector in Bracknell Forest I currently feel very threatened, unwanted and unloved. Thankyou to the government who have now delayed the single funded formula until April 2011 which now allows the PVI time to make our decisions and take any actions necessary
	St Michael's Childcare Trust	The formula: from my days at university, the maxim of my research professor has served me well in my later career: "If it looks wrong, it is wrong. If it looks right, it is still probably wrong!" Looking at Appendix I, "the anticipated proposed changes", if the formula is correct, I would expect to see an equal number of setting which gain or lose from the formula, indicating that the average impact is correct. To have 14 maintained schools receiving an increase in funding and none a decrease looks wrong. To have only 9 PVI's having an increase but 40 having a decrease also looks even more wrong. With maintained receiving an additional £58,520 but the PVI's having £50,533 of funding removed is the wrong answer.
		The formula may be correct but it is populated with parameters that are probably cause of the imbalance between maintained and PVI's. In other words, the costs of PVI's are being under estimated and the maintained sector over estimated. When challenged at the meeting over this, BFBC staffs defence was "this is what the formula produced and the formula is right". Well if it looks wrong it is wrong. Unless of course there is an obvious reason why the funding balance has been wrong in the past but no such reason was offered at the meeting. Within the formula, there are many opportunities eg in support and accommodation costs, where a small change from maintained to PVI would address the imbalance. With Limited reserves, PVI's are at risk of being put out of business by BFBC unless this imbalance is addressed.
		Recommendations - I recommend that having addressed the other issues with the formula that this consultation has identified: 1: The parameters in the formula are adjusted until there are no net movement of funds between the maintained and PVI sectors. 2: That within each sector, there are as many winners as losers. We will then have confidence that the funding formula and the continued provision of Early Years Education will be successful.

Funding by provider under the proposed Formula (2008-09 data)

Provider	Ofsted URN	Provider Type	Actual 2008-09			Total cash funding from the proposed Formula				Change + more / - less	% comparison cash			Indicative hourly rates			Change + more / - less		
			Participation (hours)	Funding from BFC		Hourly Base Rate	Supplements		Total Funding for the year		Increase	Decrease	No change	Hourly Base Rate	Supplements			Total Funding for the hour	
				For the year	By the hour		Deprivation	Quality							Deprivation	Quality			
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
Fox Hill Primary	109805	Maintained	5,700	£18,810	£3.30	£16,815	£1,140	£1,425	£19,380	£570	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Holly Spring Infant and Nursery	109807	Maintained	15,200	£50,160	£3.30	£44,840	£3,040	£3,800	£51,680	£1,520	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Wildmoor Primary	109812	Maintained	9,500	£31,350	£3.30	£28,025	£0	£2,375	£30,400	£-950		-3.03%			£2.95	£0.00	£0.25	£3.20	£-0.10
College Town Infant and Nursery	109828	Maintained	20,900	£68,970	£3.30	£61,655	£2,090	£5,225	£68,970	£0			0.00%		£2.95	£0.10	£0.25	£3.30	£0.00
Owlsmoor Primary	109870	Maintained	17,100	£56,430	£3.30	£50,445	£1,710	£4,275	£56,430	£0			0.00%		£2.95	£0.10	£0.25	£3.30	£0.00
New Scotland Hill Primary	109883	Maintained	13,300	£43,890	£3.30	£39,235	£0	£3,325	£42,560	£-1,330		-3.03%			£2.95	£0.00	£0.25	£3.20	£-0.10
Birch Hill Primary	109893	Maintained	23,750	£78,375	£3.30	£70,063	£4,750	£5,938	£80,750	£2,375	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Crown Hill Primary and Nursery	109922	Maintained	21,375	£70,538	£3.30	£63,056	£4,275	£5,344	£72,675	£2,138	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Wooden Wood Primary	109928	Maintained	22,325	£73,673	£3.30	£65,859	£4,465	£5,581	£75,905	£2,233	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Wildridings Primary	109941	Maintained	24,700	£81,510	£3.30	£72,865	£4,940	£11,115	£88,920	£7,410	9.09%				£2.95	£0.20	£0.45	£3.60	£0.30
Meadow Vale Primary	109942	Maintained	24,225	£79,943	£3.30	£71,464	£4,845	£6,056	£82,365	£2,423	3.03%				£2.95	£0.20	£0.25	£3.40	£0.10
Newbold School	110141	PVI	7,725	£28,274	£3.66	£26,659	£773	£1,931	£29,363	£1,089	3.85%				£3.45	£0.10	£0.25	£3.80	£0.14
Squirrels Day Nursery	119242	PVI	10,398	£38,055	£3.66	£35,882	£1,040	£0	£36,922	£-1,133		-2.98%			£3.45	£0.10	£0.00	£3.55	£-0.11
Cherry Town Nursery	119248	PVI	6,775	£24,796	£3.66	£23,381	£0	£1,355	£24,736	£-61		-0.25%			£3.45	£0.00	£0.20	£3.65	£-0.01
Owlsmoor Pre-School	119250	PVI	16,770	£61,378	£3.66	£57,873	£1,677	£0	£59,550	£-1,828		-2.98%			£3.45	£0.10	£0.00	£3.55	£-0.11
The Old School Day Nursery	119251	PVI	13,868	£50,755	£3.66	£47,857	£0	£2,774	£50,630	£-125		-0.25%			£3.45	£0.00	£0.20	£3.65	£-0.01
Teddies Nurseries	119252	PVI	11,590	£42,419	£3.66	£39,997	£1,159	£0	£41,156	£-1,263		-2.98%			£3.45	£0.10	£0.00	£3.55	£-0.11
PAWS Nursery	119256	PVI	18,180	£66,539	£3.66	£62,739	£0	£0	£62,739	£-3,800		-5.71%			£3.45	£0.00	£0.00	£3.45	£-0.21
RMA - Lakeside Nursery	119258	PVI	14,712	£53,848	£3.66	£50,773	£0	£2,942	£53,715	£-132		-0.25%			£3.45	£0.00	£0.20	£3.65	£-0.01
Sandhurst Nursery School	119260	PVI	23,670	£86,632	£3.66	£81,685	£0	£0	£81,685	£-4,947		-5.71%			£3.45	£0.00	£0.00	£3.45	£-0.21
WASPS Pre-School	119261	PVI	19,805	£72,486	£3.66	£68,347	£0	£0	£68,347	£-4,139		-5.71%			£3.45	£0.00	£0.00	£3.45	£-0.21
Ascot & Cranbourne Pre-School	119262	PVI	13,238	£48,449	£3.66	£45,683	£0	£3,309	£48,992	£543	1.12%				£3.45	£0.00	£0.25	£3.70	£0.04
Carousel Nursery School	119268	PVI	4,960	£18,154	£3.66	£17,117	£0	£1,240	£18,357	£203	1.12%				£3.45	£0.00	£0.25	£3.70	£0.04
Garth Under 5's Nursery	119269	PVI	6,363	£23,287	£3.66	£21,957	£1,273	£0	£23,229	£-57		-0.25%			£3.45	£0.20	£0.00	£3.65	£-0.01
The Ark Pre-School	119271	PVI	4,975	£18,208	£3.66	£17,169	£0	£1,244	£18,412	£204	1.12%				£3.45	£0.00	£0.25	£3.70	£0.04
The College Nursery	119277	PVI	13,160	£48,166	£3.66	£45,415	£2,632	£3,290	£51,337	£3,172	6.58%				£3.45	£0.20	£0.25	£3.90	£0.24
College Town Montessori Nursery Ltd	119278	PVI	14,490	£53,033	£3.66	£50,005	£0	£3,623	£53,627	£594	1.12%				£3.45	£0.00	£0.25	£3.70	£0.04
Building Blocks Pre-School	119286	PVI	8,880	£32,501	£3.66	£30,645	£0	£1,776	£32,421	£-80		-0.25%			£3.45	£0.00	£0.20	£3.65	£-0.01
Little Acorns Montessori School	119290	PVI	10,770	£39,418	£3.66	£37,167	£0	£0	£37,167	£-2,251		-5.71%			£3.45	£0.00	£0.00	£3.45	£-0.21
St Michael's Childcare Trust	119299	PVI	17,695	£64,764	£3.66	£61,065	£3,539	£0	£64,604	£-159		-0.25%			£3.45	£0.20	£0.00	£3.65	£-0.01
South Hill Park Pre-School	119301	PVI	19,770	£72,358	£3.66	£68,226	£3,954	£3,954	£76,134	£3,776	5.22%				£3.45	£0.20	£0.20	£3.85	£0.19
Ascot Baptist Church Pre-School	119302	PVI	7,053	£25,812	£3.66	£24,338	£0	£0	£24,338	£-1,474		-5.71%			£3.45	£0.00	£0.00	£3.45	£-0.21
Crowthorne Village Pre-School	119317	PVI	8,720	£31,915	£3.66	£30,093	£0	£1,744	£31,837	£-78		-0.25%			£3.45	£0.00	£0.20	£3.65	£-0.01

Provider	Ofsted URN	Provider Type	Actual funding rate 2008-09	Indicative funding rate 2008-09 through BFC	Change in funding	Change in funding	Within transitional funding protection scheme?	Transitional adjustment per hour 2010-11	Indicative hourly rate 2010-11	Change from 2008-09	Transitional adjustment per hour 2011-12	Indicative hourly rate 2011-12	Change from 2010-11	Transitional adjustment per hour 2012-2013	Indicative hourly rate 2012-13	Change from 2011-12
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
Harmans Water Primary	130949	Maintained	£3.30	£3.40	£0.10	3.03%	Yes	£0.03	£3.33	0.91%	£0.03	£3.36	0.91%	£0.04	£3.40	1.21%
Sandy Lane Primary	133619	Maintained	£3.30	£3.30	£0.00	0.00%	No									
Great Hollands Primary	134304	Maintained	£3.30	£3.50	£0.20	6.06%	Yes	£0.07	£3.37	2.12%	£0.07	£3.40	2.12%	£0.06	£3.50	1.82%
The Pines Primary and Nursery	134740	Maintained	£3.30	£3.70	£0.40	12.12%	Yes	£0.13	£3.43	3.94%	£0.13	£3.46	3.94%	£0.14	£3.70	4.24%
Binfield Pre-School	159101	PVI	£3.66	£3.75	£0.09	2.46%	No									
Braken Bears Day Nursery	509756	PVI	£3.66	£3.55	-£0.11	-3.01%	Yes	-£0.04	£3.26	-1.09%	-£0.04	£3.29	-1.09%	-£0.03	£3.55	-0.82%
Pines Community Pre-School	509758	PVI	£3.66	£3.75	£0.09	2.46%	No									
Winkfield Montessori	955614	PVI	£3.66	£3.70	£0.04	1.09%	No									
Little Sandhurst Nursery Group	EY225660	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
The Family Tree Nursery	EY262359	PVI	£3.66	£3.85	£0.19	5.19%	Yes	£0.06	£3.36	1.64%	£0.06	£3.39	1.64%	£0.07	£3.85	1.91%
Teepee Day Nursery	EY263716	PVI	£3.66	£3.55	-£0.11	-3.01%	Yes	-£0.04	£3.26	-1.09%	-£0.04	£3.29	-1.09%	-£0.03	£3.55	-0.82%
The Mortarboard Nursery School	EY269662	PVI	£3.66	£3.75	£0.09	2.46%	No									
Rectory Lane Nursery School	EY292438	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Eagle House School	EY297376	PVI	£3.66	£3.70	£0.04	1.09%	No									
Harmans Water Pre-School	EY312359	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Busy Bees Montessori	EY314825	PVI	£3.66	£3.75	£0.09	2.46%	No									
Children's House Nursery	EY320968	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Lambrook Haileybury School	EY349670	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Plus Three Nursery - Farley Wood	EY357460	PVI	£3.66	£3.45	-£0.21	-5.74%	Yes	-£0.07	£3.23	-1.91%	-£0.07	£3.26	-1.91%	-£0.07	£3.45	-1.91%
Plus Three Nursery - Newell Green	EY357469	PVI	£3.66	£3.45	-£0.21	-5.74%	Yes	-£0.07	£3.23	-1.91%	-£0.07	£3.26	-1.91%	-£0.07	£3.45	-1.91%
Plus Three Nursery - Martins Heron	EY357477	PVI	£3.66	£3.55	-£0.11	-3.01%	Yes	-£0.04	£3.26	-1.09%	-£0.04	£3.29	-1.09%	-£0.03	£3.55	-0.82%
Sports Centre Pre-School	EY366001	PVI	£3.66	£3.55	-£0.11	-3.01%	Yes	-£0.04	£3.26	-1.09%	-£0.04	£3.29	-1.09%	-£0.03	£3.55	-0.82%
The Oaks Pre-School	EY368053	PVI	£3.66	£3.75	£0.09	2.46%	No									
Footsteps at St Josephs	EY375203	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Holly Spring Pre-School	EY377858	PVI	£3.66	£3.95	£0.29	7.92%	Yes	£0.10	£3.40	2.73%	£0.10	£3.43	2.73%	£0.09	£3.95	2.46%
Pavillion Pre-School	EY385228	PVI	£3.66	£3.75	£0.09	2.46%	No									
Dolphin Nursery (Bracknell) Ltd	EY385381	PVI	£3.66	£3.75	£0.09	2.46%	No									
Meadowbrook Montessori School	EY387762	PVI	£3.66	£3.65	-£0.01	-0.27%	No									
Bramleywood Nursery	EY391711	PVI	£3.66	£3.75	£0.09	2.46%	No									
Birch Hill Pre-School	EY392849	PVI	£3.66	£3.55	-£0.11	-3.01%	Yes	-£0.04	£3.26	-1.09%	-£0.04	£3.29	-1.09%	-£0.03	£3.55	-0.82%
Chavey Down Nursery School	EY393320	PVI	£3.66	£3.45	-£0.21	-5.74%	Yes	-£0.07	£3.23	-1.91%	-£0.07	£3.26	-1.91%	-£0.07	£3.45	-1.91%

This page is intentionally left blank

TO: SCHOOLS FORUM
DATE 28 JANUARY 2010

LOCAL AUTHORITY BUDGET PROPOSALS FOR 2010/11
(Acting Director of Children, Young People & Learning)

1 PURPOSE OF REPORT

- 1.1 Under the Council's Constitution, the Executive are required to issue their budget proposals for consultation for a minimum period of six weeks prior to making their recommendations to full Council. This report presents an overview of the Council's budget position and the specific proposals relevant to the Children, Young People and Learning (CYPL) Department to the Schools Forum for comment.

2 RECOMMENDATIONS

- 2.1 **That the Schools Forum comments on the 2010/11 budget proposals of the Executive for the Children, Young People and Learning Department in respect of:**
- i. **The revenue budget (Annex B), and**
 - ii. **The capital programme (Annex C).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Executive seeks the views of the Schools Forum as an interested party on the 2010/11 budget proposals.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 The range of options being considered is included in the report and its Annexes.

5 SUPPORTING INFORMATION

Revenue Budget

2009/10 forecast performance against budget

- 5.1 The Council faces significant problems in delivering its services within budget in the current year due to the effects of the recession. The regular budget monitoring reports to the Corporate Management Team have identified significant overspends which have been highlighted in the quarterly Performance Monitoring Reports. The latest monitoring report forecasts an overspend of £2.319m. Approximately fifty five percent of this is directly attributable to the general economic downturn. Other major elements include additional costs for Children Looked After and the loss of PCT funding for some Continuing Health Care clients as a result of eligibility reviews during the year.

- 5.2 Faced with this potential overspend, in September and October the Chief Executive asked each Director to produce proposals for in year savings to mitigate the increasing overspend. In identifying areas for savings Directors have sought to ensure that there is no major impact on front line service delivery. In total, £1.639m of savings have been identified. The main focus of the savings is delaying work that had been planned for the second half of the year, particularly maintenance related work. Vacant posts will also be subject to extreme scrutiny before being filled, although the Corporate Management Team are stopping short of a full vacancy freeze in order to try and ensure that critical front line services are maintained whilst the budget is brought back into balance.
- 5.3 Implementing this in year savings package and utilising the uncommitted balance on the contingency fund of £0.428m would reduce the projected overspend to £0.252m. The provisional allocation of Housing and Planning Delivery Grant (HPDG) for 2009/10 received in early December indicates that the Council could receive an additional £0.100m which will reduce the overspend. It is also anticipated that some under spends will arise between now and the year end which make a projected overspend of around £0.25m manageable at this stage.
- 5.4 The recessionary pressures that have created this situation are expected to continue throughout the next year. Therefore, those that have been identified during the current year's budget monitoring have been reflected in the list of budget pressures for 2010/11.

Commitment budget 2010/11 – 2012/13

- 5.5 Turning to 2010/11 onwards, the Council has over the past ten years developed a financial strategy that aimed to bring its spending in line with annually generated resources. The strategy was to protect front line services, make efficiencies in the back office to reduce costs and to prudently use reserves over several years in order to balance its expenditure to resources. In addition in February 2008 the Council transferred its housing to a Registered Social Landlord (Bracknell Forest Homes) in order to deliver the required improvements in the housing stock to meet the Decent Homes Standard and to assist the balancing of the Council's budget. With the transfer of the housing stock the Council had succeeded in balancing its budget for the foreseeable future.
- 5.6 However, with the credit crunch and the resultant recession the Council has faced unprecedented pressure on its resources. In particular, the reduction in interest rates from 5% to 0.5% in a matter of weeks led to the loss of around £2.6m in interest in 2009/10. The Council also generates a substantial amount of income from Leisure Services, car parking etc and this has also reduced significantly as a result of the recession. The economic turmoil currently being experienced around the world increases the risk and uncertainty for the Council's finances now and in the future and there is no clear indication when the economy will return to normality. However it is expected that this will be several years away.
- 5.7 Initial preparations for the 2010/11 budget have focussed on the Council's Commitment Budget for 2010/11 – 2012/13. This brings together the Council's existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2009/10 budget was set. The table below summarises the Commitment Budget position with base expenditure of £75.073m next year, before any new changes are considered in the light of the Provisional Finance Settlement. The commitment budget relating to CYPL is shown in more detail in Annex A.

Table 1: Summary Commitment Budget 2010/11-2012/13

	Planned Expenditure		
	2010/11 £000	2011/12 £000	2012/13 £000
Base Budget	74,218	75,073	75,426
<i>Movements in Year:</i>			
Chief Executive / Corporate Services	-144	18	-55
Children, Young People and Learning (excluding schools)	-356	10	10
Adult Social Care and Health	-70	11	0
Environment, Culture & Communities	484	64	-27
Non Departmental / Common	941	250	0
<i>Total Movements</i>	855	353	-72
Adjusted Base	75,073	75,426	75,354

- 5.8 Taking account of these changes, Table 1 shows that base expenditure (excluding schools) is planned to rise by £0.855m next year before consideration is given to allowances for inflation and budget proposals identified by individual Departments in 2010/11. The most significant elements of the rise are increasing costs of waste disposal, the Local Development Framework and the revenue impact of the capital programme.

Provisional Local Government Finance Settlement 2010/11

National Perspective

- 5.9 In respect of grant, the Council remains on the “Floor” and can only expect the minimum grant increase for the foreseeable future. The Provisional Local Government Financial Settlement was announced on 26 November and the Government confirmed that the formula grant allocations are unchanged from those that were first published in January 2009 and thus are in line with the three-year settlement policy introduced in 2008. As such the cash grant increase for 2010/11 amounts to 1.5% or £386,000. Government support for 2010/11 will therefore be £26.115m. This compares with an average national increase for local government of 4%.
- 5.10 The Government published the pre-Budget Report on 9 December; and given the proximity of the General Election next year, no significant details on future grant allocations beyond 2010/11 were given. Grant increases of 0% have been assumed for 2011/12 and 2012/13 although the possibility of an actual reduction in grant cannot be ruled out at this stage.

Council Tax

- 5.11 Council Tax at current levels will generate total income of £46.065m in 2010/11. In addition a further £0.478m will be generated from the increase in tax base arising from the occupation of new properties during 2010/11.

- 5.12 Council Tax increases are subject to capping rules. The capping criteria are not announced prior to the setting of Local Authority Council Taxes. This means that in approving the Council Tax, the Council has to judge what will be the capping limit. In previous years this has been set at 5% but current opinion in Local Government circles is that it will be reduced to 3% in 2010/11. Certainly, any increase in excess of this would be very likely to be subject to intense government scrutiny, despite the fact that the Council has historically levied one of the three lowest Council Taxes of all Unitary Authorities in the Country.
- 5.13 The Executive at its meeting in February will recommend to Council the level of Council Tax in light of the final settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2010/11

Service pressures and Developments

- 5.14 There remains a need to ensure that the Council continues to improve services and invest in the Borough, focussing on protecting front line services and continuing to invest to deliver the Medium Term Objectives. However, in the current financial climate the ability to do this is severely restricted. In preparing the 2010/11 draft budget proposals, each department has evaluated the potential pressures on its services. Only those items that directly relate to lost income due to the recession, an increase in the numbers of vulnerable clients or new statutory duties stemming from Lord Laming's inquiry into safeguarding are included in the proposals. All other potentially desirable service developments have been deferred. The following table summarises the pressures by department:

Table 2: Service Pressures/Development

	£'0
Chief Executive / Corporate Services	1
Children, Young People and Learning (excluding schools)	1
Adult Social Care and Health	5
Environment, Culture & Communities	7
Council Wide	
Total Pressures/Developments	1,5

In addition the Council continues to invest in its priorities through targeted capital expenditure, details of which are set out below in the proposed capital programme.

Service Economies /Balancing the Budget

- 5.15 Since January 2009 when the full impact of the credit crunch and recession became apparent, the Executive and CMT have held regular meetings to determine options for savings in order to balance the budget and a list of draft budget savings has been developed. This is summarised in table 3. As in previous years, these economies focus as far as possible on central and departmental support rather than on front-line services. However after 10 years of back office rationalisations, realising total savings in excess of £20m, it is becoming increasingly difficult to find further savings in these areas, which would not compromise the Council's ability to function effectively. Consequently it has been necessary to look at some reductions in front line services.

Table 3: Summary Service Economies

	£'000
Chief Executive / Corporate Services	516
Children, Young People and Learning (excluding schools)	745
Adult Social Care and Health	245
Environment, Culture and Communities	1,318
Council Wide	419
Total Savings	3,243

Summary proposals from CYPL Department

- 5.16 Within this general framework for pressures and economies, the potential changes which the Executive is considering for the CYPL Department are outlined in Annex B.

Corporate issues

- 5.17 Apart from the specific departmental budget proposals there are some Council wide issues affecting all departments' budgets which need to be considered. The precise impact of these corporate budgets is likely to change before the final budget proposals are recommended. However the current view on these issues is outlined in the following paragraphs.

a) Capital Programme

The scale of the Council's Capital Programme for 2010/11 will impact upon the revenue budget and is itself set out later in this report in the proposed Capital Programme of £8.069m. All new spending on services will need to be funded from new capital receipts or borrowing from internal resources. After allowing for projected capital receipts of £2m in 2010/11 and the cash-flow requirements associated with the Garth Hill redevelopment, but excluding the self-funding Invest to Save schemes, the additional revenue costs will be £100,000 in 2010/11 and £600,000 in 2011/12.

b) Interest

With the UK economy still in recession and uncertainty extending to the global economy, it remains very difficult to predict interest rates for the forthcoming year with any confidence. With the UK Base Rate holding at an all-time low of 0.5%, the timing of any reversal of the Bank of England's monetary easing policy is hard to judge. However, as countries around the world move out of recession there is a growing consensus view that interest rates will begin to rise around the world, particularly given the inflationary risks associated with the unprecedented monetary and fiscal easing witnessed over the last 12 months. As confidence returns to the markets it is also hoped that credit-risk levels will reduce, enabling the Council to return to a more normal investment strategy, investing funds at more extended maturities and increasing yields as expectations of higher future interest rates are factored into the market. However, the Council continues to regard security of the principal sum it invests as the key objective of its treasury management activities.

The 2010/11 budget is based on an average rate of return of 2% and reflects the lower cash balances as a result of the 2009/10 and 2010/11 Capital

Programmes. The 2009/10 budget was based on a return of 2.5% and as such expected interest income is projected to fall from £1.30m to £0.66m in 2010/11. After taking into account movements in the commitment budget and the impact of the proposed capital programme this produces a budget pressure of £0.44m. However, should interest rates not recover as quickly as anticipated, every 1% reduction in the average rate of return would add a £350,000 pressure to the General Fund

d) Provision for Inflation and Pay Awards

The Commitment Budget excludes the cost of inflation on both expenditure and income. Bearing in mind the uncertainties inherent in the current economic situation it is difficult to predict the requirements for inflation in 2010/11 and beyond. There have been several reports in the press recently that there are signs of a recovery and that maybe the UK is at the bottom of the economic cycle. Against this, some reports predict that this is a lull and that further corrective action is required by the market before things will improve. That said, an assumption has to be made in order to take a view of the budget for 2010/11

The following assumptions have been made in arriving at the provision for inflation for 2010/11 of minus £0.068m:

- the pay award for 2010 is settled at 0% (note the current years' pay award was settled at 1%);
- inflation rates (Retail Price Index) remain at zero or less than zero until early 2011;
- the current rate of Consumer Price Index is more appropriate for Social Care contracts than the Retail Price Index;
- fees and charges will increase by 2.5% unless this is inconsistent with the Council's income policy.

This compares to a provision of approximately £2m in the last two years. It is, however, assumed that over the next two years, as the economy recovers, the inflation rate will increase up to around the 2% level.

e) Fees and Charges

The Council established a policy for the review of fees and charges when setting the 2001/02 budget. This requires each Department to consider the level of charges against the following criteria.

- Fees and Charges should aim, as a minimum, to cover the costs of delivering the service;
- Where a service operates in free market conditions, fees and charges should at least be set at the market rate;
- Fees and charges should not be levied where this is an ineffective use of resources, i.e. the cost of collection exceeds any income generated.

It is estimated that most prices, where the Council charges users of services a fee for that service, will need to increase by around 2.5% to recover the costs of those services. However, where current economic conditions and the market rate indicates a lower percentage, for example for leisure income, this has been applied.

f) Corporate Contingency

The financial risks facing the Council are the highest that they have been for many years. This is a direct result of the uncertainties surrounding the recession. The Council manages these uncertainties in the budget through the use of a general contingency added to the Council's budget. In the current year the unallocated contingency of £0.428m has proven insufficient to meet all of the in year pressures. A sum of £0.127m is currently included for contingency in the base budget for 2010/11. This is derived from the original 2009/10 contingency less ongoing transfers made for increases in energy prices and the revised impact of 2008/09 capital spend on the revenue budget.

During the next year the Council will face significant risks on its budget particularly in relation to inflation, pay awards, interest rates and the demand led budgets. In order to determine the recommended size of the contingency for 2010/11, the Council has reviewed potential risks and the Borough Treasurer recommends that the general contingency should be increased by at least £0.573m to £0.700m in order to set a realistic and deliverable budget

Spending on Schools

- 5.18 The Schools Budget – both delegated school funding and centrally managed items such as Special Educational Needs placements made outside of the Borough - is funded by a specific Dedicated Schools Grant (DSG) with any year end balance, either surplus or deficit, required to be ring-fenced within the Schools Budget. Therefore, use of this funding is outside the control of the Council. The draft budget proposals assume the Schools Budget is set at the level of DSG and that any accumulated deficit or surplus is managed to a nil balance by the end of the three year budget period.
- 5.19 However, Local Authorities have a legal duty to set the overall level of Schools Budget and individual budgets for each of their schools by 31 March. This must be no lower than the level of anticipated DSG, but can be higher, if the Council decides to add a top up.

Summary position on the Revenue Budget

- 5.20 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £74.399m as shown in the table below.

Table 4: Summary of proposals:

	£'000
Commitment Budget	75,073
2010/11 Budget Pressures	1,524
2010/11 Budget Economies	(3,243)
Capital Programme	100
Reduced Interest Rate	440
Inflation Provision	(68)
Contingency	573
Draft Budget Requirement 2010/11	74,399

- 5.21 The Council can anticipate income, before any Council Tax increase, of up to £72.658m. This arises from Government grants (£26.115m) and Council Tax at current levels, i.e. no increase (£46.543m). However, with the potential overall cost of the budget package being consulted on in the region of £74.399m, this leaves a potential gap of around £1.741m. As such, the potential economies proposed should be seen as a “core package” that may well need to be built upon.
- 5.22 Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- a) increase in Council Tax;
 - b) an appropriate contribution from the Council’s Revenue balances, bearing in mind the Medium Term Financial Strategy;
 - c) identifying further expenditure reductions.

Balances

- 5.23 The Council has an estimated £9.3m available in General Reserves at 31 March 2010. Based on keeping the minimum prudent level of reserves of £4m there is £5.3m available to support future expenditure. However, with the uncertainty surrounding the recovery of Icelandic funds – the Council has £5m of such investments - and high level of risks contained within the budget, it would be advisable to consider a much larger sum for the minimum prudential reserve. Therefore, it would be prudent to minimise the use of reserves when balancing the 2010/11 budget.

Capital Programme

Introduction

- 5.24 The Local Government Act 2003 requires Councils to have regard to the Prudential Code for Capital Finance in Local Authorities when setting their capital expenditure plans, which must be affordable, prudent and sustainable.
- 5.25 The proposed capital programme for 2010/11 has been developed on the assumption that it will be funded by a combination of £2m of capital receipts (the Council’s share of right-to buy sales of houses), Government grants, other external contributions and some internal borrowing. The financing costs associated with the General Fund Capital Programme have been provided for in the Council’s revenue budget plans.

New Schemes

- 5.26 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council's Capital Programme for 2010/11 - 2012/13. Given that capital resources are under pressure, each Department has evaluated and prioritised proposed schemes into the broad categories, set out in the Council's Corporate Capital Strategy and in line with the Council's Asset Management Plan.

Unavoidable (Including committed schemes)

This category covers schemes which must proceed to ensure that the Council is not left open to legal sanction and includes items relating to health and safety issues, new statutory legislation etc. Committed schemes are those that have been started as part of the 2009/10 Capital Programme. By their nature, schemes in this category form the first call on the available capital resources.

Maintenance (Improvements and capitalised repairs)

The Council is responsible for a significant number of properties and assets. As part of the established asset management planning process, property condition surveys are carried out and updated annually to assess the overall maintenance needs. Historically the Council has funded all Priority 1 maintenance works identified in these surveys. These represent the works that are necessary, within the next 12 months, to maintain buildings in beneficial use through the prevention of closure, dealing with health and safety items and potential breaches of legislation. The latest assessment based on condition surveys undertaken in 2009 identified a backlog of urgent outstanding repairs of £9.2m. However £4.1m of this requirement relates to schools and as such must be a first call on their capital resources. The Council has provided for an allocation within its Capital Programme as a contingency for where urgent works cannot be met from within their devolved budgets.

As such, based on the most recent survey data, £5.1m of the Priority 1 urgent repairs relate to Council buildings other than schools. Given the resource restraints of the Council, the Capital Programme is restricted to £2.081m (inclusive of Schools contingency) and as such this will result in £3.2m of urgent repairs being deferred to future years and increasing the overall level of backlog maintenance. The implications of failing to maintain Council buildings and to address the backlog will be a major issue for the Council over the coming years and efforts will be focussed on ensuring that the highest priority items are tackled first, that efficiencies are maximised in the procurement of works and that maintenance which will result in energy efficiencies are undertaken through the invest-to-save programme.

Rolling programmes

These programmes cover more than one year and give a degree of certainty for forward planning schemes to improve service delivery. They make an important contribution towards the Council's Medium Term Objectives and established Asset Management Plans.

Other Desirable Schemes

In addition to the schemes identified in the above categories, each service has requested funding for other high priority schemes that meet the needs and objectives of their service and the Council's Medium Term Objectives.

The net cost of schemes which attract partial external funding are included in the schemes put forward.

Invest To Save Schemes

These are schemes where the additional revenue income or savings arising from their implementation exceeds the additional revenue costs. The Council's approach to Invest to Save schemes is included in its Capital Strategy and in accordance with the Capital Strategy it is proposed that a further £1m be included in the 2010/11 capital programme for potential Invest to Save schemes.

- 5.27 As indicated above, in some cases, the schemes within the proposed programme modify previously agreed programmes to reflect the latest available information on the phasing of expenditure and revised priorities. Scheme details relating to the CYPL Department are set out in Annex C, and these show Council funded expenditure proposed at £1.065m. The overall proposed capital programme requires £8.069m of funding from the Council. The following table summarises the draft programme for the CYPL Department.

Table 5: Summary of CYPL capital proposals:

Draft Capital Programme	2010/11 £000	2011/12 £000	2012/13 £000
Committed	65	560	0
Unavoidable	200	300	300
Maintenance - schools	200	200	200
Rolling Programme/other desirable	600	500	500
Total Council Funding	1,065	1,650	1,000
External Funding	25,722	3,865	1,966
Total draft programme	26,787	5,425	2,966

Schemes highlighted in years subsequent to 2010/11 are indicative only and not subject to approval at this stage. Those included within the programme to be funded by the Council will be reviewed before the commencement of each financial year.

Externally Funded Schemes

- 5.28 A number of external funding sources are also available to fund schemes within the capital programme, allowing the Council to plan a programme that is significantly greater than the £8.069m that is proposed. External support has been identified from two main sources:

Government Grants

- 5.29 A number of capital schemes attract specific grants. It is proposed that all such schemes should be included in the capital programme at the level of external funding that is available. Examples include Building Schools for the Future and the Primary Capital Strategy for Change.

Section 106

- 5.30 Each year the Council enters into a number of agreements under Section 106 of the Town & Country Planning Act 1990 by which developers make a contribution towards

the cost of providing facilities and infrastructure that may be required as a result of their development. Usually the monies are given for work in a particular area and/or for specific projects. The total money available at present, which is not financially committed to specific projects, is £4.15m.

Officers have identified a number of schemes that could be funded from Section 106 funds in 2010/11. Under the constitutional arrangements, the Council must approve the release of such funding. However, this does not preclude the Executive bringing forward further schemes to be approved by the Council to be funded from Section 106 funds during the year.

Annex C also includes details of all CYPL schemes that will be funded from the various external sources in the next year.

Funding options

- 5.31 There are a number of important issues concerning the long term funding of capital expenditure. Following the transfer of the housing stock in 2008, the Council's capital receipts are limited to miscellaneous asset sales and the contribution from the VAT Shelter Scheme and Right-to-Buy claw back agreed as part of the transfer. As noted earlier in this report, these receipts are likely to be depressed by the general economic conditions and as such receipts in 2010/11 are estimated to be in the region of £2m.
- 5.32 The proposed capital programme for 2010/11 has been developed, therefore, on the assumption that it will be funded by a combination of £2m of capital receipts, Government grants, other external contributions and some internal borrowing. The financing costs associated with the Capital Programme have been provided for in the Council's revenue budget plans.
- 5.33 Should any additional capital receipts be generated in 2010/11 the interest earned on these will be used to mitigate the revenue cost of the capital programme
- 5.34 In practice it is unlikely that the Council will need to resort to external borrowing as it will be able to utilise revenue resources held internally. However the Capital Finance Regulations, require the General Fund to set aside an amount which would be broadly equivalent to the amount the Council would need to pay if it borrowed externally. If any amendments are made to the capital programme the revenue consequences will need to be adjusted accordingly. Executive Members will therefore need to consider the impact of the capital programme as part of the final revenue budget decisions.
- 5.35 The reduction in available capital receipts has placed greater emphasis on the capital programme and its impact on the revenue budget. Following the introduction of the Prudential Borrowing regime local authorities are able to determine the level of their own capital expenditure with regard only to affordability on the revenue account. In practice this represents the amount of borrowing they can afford to finance, and will necessitate taking a medium-term view of revenue income streams and capital investment needs.
- 5.36 To achieve its aim of ensuring that capital investment plans are affordable, prudent and sustainable, the Local Government Act requires all local authorities to set and keep under review a series of prudential indicators included in the CIPFA Prudential Code for Capital Finance in Local Authorities. The Capital Programme recommended in this report can be sustained and is within the prudential guidelines. Full Council will

need to agree the prudential indicators for 2010/11 to 2012/13 in March 2010, alongside its consideration of the specific budget proposals for 2010/11 and the Council's medium-term financial prospects.

- 5.37 Given the known revenue budget gap, there will need to be a careful balance between the level of the Capital Programme in future years against other revenue budget pressures and a thorough review, including the prioritisation of those schemes planned for 2010/11 onwards, will need to be undertaken during next summer.

Meeting the Council's Medium Term Objectives

- 5.38 The integrated budget package prioritises resources according to the five overarching priorities of the Council and continues to invest mainly through targeted capital expenditure, in services designed over the next three years to:

Medium Term Objective 2 - Protect and enhance the environment of the Borough, through spending;

- £2.3m on highways infrastructure maintenance
- £2.3m on new affordable housing
- £3.3m on other measures to protect and enhance the environment

Medium Term Objective 3 – Promoting health and achievement in the Borough through spending;

- £0.8m on promoting achievement and learning

Medium Term Objective 4 - Create a borough where people are, and feel safe by investing in;

- £0.3m on access improvement programmes
- £0.4m on a new Carers Accommodation Strategy

Medium Term Objective 5 - Provide value for money through spending on:

- £0.8m on continued investment in Information Technology
- £0.4m on other investment priorities.

Consultation

- 5.39 The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Senior Citizens' Forum, Parish Councils and voluntary organisations. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site at Bracknell-forest.gov.uk. There will also be a dedicated mailbox to collect comments.

5.40 The current timetable for the approval of the 2010/11 Budget is as follows

Executive agree proposals as basis for consultation	15 December
Consultation period	16 December - 26 January
Executive considers representations made and recommends budget.	16 February
Council considers Executive budget proposals	03 March

Conclusion

- 5.41 When the final settlement is known, the Executive can consider the prudent use of revenue balances and appropriate level of Council Tax to support expenditure in line with the overall medium term financial strategy along with further possible reductions to augment the “core package”. In doing this, it will be important to manage the budget process effectively so that the inevitable important service pressures can be responded to whilst, as far as possible, front-line services are maintained with minimal disruption and without creating long term problems for the Council.
- 5.42 All comments from the Schools Forum and others on the revenue and capital budget proposals will then be submitted to the Executive on 16 February 2010. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 3 March 2010.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The Local Government Finance Act 1992 requires the Council to set the level of the Council Tax by 11 March each year. It is impossible to achieve this without having agreed an affordable revenue budget for the year in question.
- 6.2 The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas. Controls on capital expenditure are contained in the Local Government Act 2003 and regulations made thereunder.

Borough Treasurer

- 6.2 The financial implications arising from this report are set out within the supporting information.

Equalities Impact Assessment

- 6.3 The Council’s final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. A number of the budget proposals require specific equality impact assessments to be carried out and draft versions have been completed. Consultation with equalities groups that are likely to be affected by the proposals is part of the assessment process.

Strategic Risk Management Issues

- 6.3 A sum of £0.127m is currently included in the base budget to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. A further £0.573m is proposed to be added to contingency to reflect the current economic uncertainty. The Executive will need to make a judgement on the level of contingency at its meeting in February.
- 6.4 The Borough Treasurer, as the Council's Chief Finance Officer (section 151 officer), must formally certify that the budget is sound. This will involve identifying and assessing the key risk areas in the budget to ensure the robustness of estimates and ensuring that appropriate arrangements are in place to manage those risks, including maintaining an appropriate level of reserves and contingency. This formalises work that is normally undertaken each year during the budget preparation stages and in monthly monitoring after the budget is agreed. The Borough Treasurer will report his findings in February, when the final budget package is recommended for approval.
- 6.5 The most significant risk facing the Council is the impact of the capital programme on the revenue budget. The scale of the Council's Capital Programme for 2010/11 will impact upon the revenue budget and will itself be subject to consultation over the coming weeks. All new spending on services will need to be funded from new capital receipts or borrowing from internal resources. The additional revenue costs of the proposed Capital Programme of £8.069m for 2010/11 after allowing for projected capital receipts of £2m and the cash-flow requirements associated with the Garth Hill redevelopment, but excluding the self-funding Invest to Save schemes will be £100,000 in 2010/11 and £600,000 in 2011/12. This effect is compounded by future year's capital programmes. As revenue resources are limited it is clear that a capital programme of this magnitude is not sustainable in the medium term without significant revenue economies. The generation of capital receipts in future years may mitigate the impact on the revenue budget, but as the timing and scale of these receipts is uncertain their impact is unlikely to be significant.
- 6.6 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding (especially when bids are still to be submitted or the results of current bids are unknown)
 - Building delays due to unavailability of materials or inclement weather
 - Availability of staff with appropriate skills to implement schemes and IT projects in particular.
- 6.7 These can be managed through the use of appropriate professional officers and following best practice in project management techniques.
- 6.8 The report also identifies the risk associated with the shortfall in maintenance expenditure compared to that identified by the latest condition surveys. With only those highest priorities receiving funding in 2010/11, there will be further build up in the maintenance backlog and a risk that the deterioration in Council assets will hamper the ability to deliver first class services

Background Papers

None.

Contact for further information

David Watkins, Chief Officer : PAR
David.watkins@bracknell-forest.gov.uk

(01344 354061)

Paul Clark, Head of Departmental Finance
paul.clark@bracknell-forest.gov.uk

(01344 354054)

Doc. Ref

Doc. Ref NewAlluse\Executive\Schools Forum\43) 280110\LA Budget Proposals for 2010-11.doc

Commitment Budget 2010/11 to 2012/13

Item	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
Children, Young People and Learning				
Approved Budget	15,805	15,868	15,512	15,522
<u>Suitability surveys</u> Suitability and access surveys are undertaken every three years to update the Asset Management Plan in order that up to date information is available to inform investment decisions on the capital programme.		-20		20
<u>Schools Music Festival</u> Biennial event which enables pupils from BF Primary schools to participate in a large scale production which links music, dance and art. The benefits of music making for young people are well documented. Having the opportunity to sing and perform with others is known to raise self esteem, self confidence and social skills, leading to a positive attitude to schooling and improved standards in music and the wider curriculum.			10	-10
<u>Area Based Grant</u> This reflects the revised funding allocation for relevant activities. The most significant reductions relate to Extended Services (-£306k) and Connexions (-£119k). Other grants have generally shown small increases.		-386	TBC	TBC
<u>South Bracknell Youth</u> As a result of the stock transfer, capital resources have been made available to enhance provision for young people in South Bracknell. This is the full year effect amount from last year to fund the on-going activities.		50		
Net Inter Departmental Virements.	63			
Children, Young People and Learning Adjusted Budget	15,868	15,512	15,522	15,532

Revenue budget proposals for CYPL Department

Description	2010/11 £'000
<p>Children's Social Care/Social Work Teams</p> <p>The number of cases subject to an initial assessment will increase from December 2009 following the publication of the revised post-Laming 'Working Together'. The revised report requires all referrals from professionals to have an initial assessment. A proportion of these cases will then require allocation into teams where caseloads are already high. There has also been recent increases in the number of looked after children, including those disabled children in receipt of short break care. Therefore additional resources are required to manage this increased workload.</p>	100
<p>Provisions for Looked After Children</p> <p>Based on the current schedule of known children where there have been reductions in disabled children placements, in placements with Independent Fostering Agencies, and as a significant number of children move into after care, a budget reduction can be made.</p>	-360
<p>Schools Budget related costs</p> <p>The Schools Budget is fully grant funded from the Department for Children, Schools and Families which has issued statutory Regulations that specify eligible expenditure. There are a number of areas within the Regulations that are not clearly defined, most notably around special educational needs, and based on funding arrangements in other Local Authorities, it is considered appropriate for the Sensory Needs Service delivered by the PCT to be charged to the Schools Budget. Other areas consider Schools Budget related are Education Health Partnerships and some elements of Social and Emotional Aspects of Learning and schools related IT licences.</p>	-165
<p>Recharge more costs to grants</p> <p>A number of staff currently funded from revenue budgets that support capital works could be funded from external capital grants. This would relate to property staff. A range of other revenue grants have also been scrutinised to establish the extent to which current base budget costs could in future be financed from grants.</p>	-100

Description	2010/11 £'000
<p>Student Finance</p> <p>The responsibility for providing information, advice and guidance for those students who commenced a new Higher Education course of study in September 2009 transferred from the Local Authority Student Finance Teams to the Student Loans Company. The Council retains responsibility for supporting students who have already commenced a course, but workloads are reducing. As a result the Council will reduce the telephone helpline and other forms of specialist advice to the public.</p>	-20
<p>Former teacher pensions</p> <p>Government funding Regulations make the Council responsible for former teacher pension liabilities. Whilst there is inflationary pressure, over time costs are reducing as the number of payments required reduces through natural causes.</p>	-30
<p>Residence Order Allowances</p> <p>There has been a reduction in the number of children for whom a residence order allowance is being paid, as Special Guardianship Orders are now the preferred option for families. As there have been no new residence order allowances started in last year, a budget reduction is proposed.</p>	-50
<p>Office Services</p> <p>A line by line review of office costs has identified savings in administrative costs.</p>	-20
TOTAL	-645

CYPL Proposed Capital Programme

	2010/11 £000	2011/12 £000	2012/13 £000
Committed			
Capita One (EMS) upgrade	65	60	0
New South Bracknell Youth Facilities - Transfer Receipt *	0	500	0
	65	560	0
Unavoidable			
Disabled Access (schools) DDA legislation	200	200	200
Disabled Access (non-schools) DDA legislation	0	100	100
	200	300	300
Maintenance			
Improvements & Capitalised Repairs (schools)	200	200	200
Improvements and Capitalised Repairs - Non-Schools included in Council Wide			
	200	200	200
Rolling Programme/Other Desirable			
Additional School Places	600	0	0
Rolling Programme of Schemes to be identified	0	500	500
	600	500	500
TOTAL REQUEST FOR COUNCIL FUNDING	1,065	1,560	1,000
External Funding - Primary Capital Strategy for Change			
Holly spring	1,620	tbc	tbc
Meadow Vale	1,050	tbc	tbc
Crown Wood	841	tbc	tbc
Sandy Lane	841	tbc	tbc
Great Hollands	159	tbc	tbc
S106 Jennets Park Primary School	1,600	1,600	0
Extended Schools, Children's Centres & Early Years	1,059	789	490
Rolling programme – Outdoor Classrooms	50	50	50
Rolling programme – ICT Upgrades	176	176	176
	7,396	2,615	716

	2010/11 £000	2011/12 £000	2012/13 £000
External Funding - Other Items			
Schools Devolved Formula Capital (excl VA schools)	846	tbc	tbc
Targeted Capital Fund - 14-19 Diplomas	2,250	tbc	tbc
Targeted Capital Fund - Kennel Lane Masterplan	2,750	tbc	tbc
Section 106 Contributions	250	250	250
ICT Harnessing Technology	288	tbc	tbc
Garth Hill - Building Schools for the Future	6,600	1,000	1,000
Extended Schools	26	0	0
Aiming High Grants	171	0	0
DCSF Primary Capital Programme	4,378	tbc	tbc
DCSF School Meals Kitchen Grant	177	0	0
Holly Spring Extended Services	tbc	tbc	tbc
Playbuilder Grant	590	0	0
	18,326	1,250	1,250
TOTAL EXTERNAL FUNDING	25,722	3,865	1,966
TOTAL CAPITAL PROGRAMME	26,787	5,425	2,966

Primary Capital Strategy for Change - Breakdown of Funding

Primary Capital Programme	4,378	tbc	tbc
Modernisation	179	tbc	tbc
Children's Centres	508	299	tbc
PVI Funding	490	490	490
Extended Schools	61	tbc	tbc
Maintained Schools Devolved Formula Capital	100	100	100
School Development Grant	30	30	30
Other school contributions	50	50	50
S106 New Jennetts Park Primary School	1,600	1,600	0
	7,396	2,569	670

Notes:

- * New South Bracknell Youth Centre - £0.5m in 2009/10 Budget
Up to £4m of the Garth Hill Scheme is planned to be funded from the sale of land

Capital Programme 2010/11 – Children, Young People and Learning

Committed	£'000
Capita One (EMS) Upgrade	65
Capita are continuing to migrate the ONE (EMS) software from its existing outdated Powerbuilder environment to the industry standard Dot Net (.net) technology. This project was initiated in 2007 and will run until March 2012 according to current information. There are significant costs associated with this migration which have increased greatly since initial quotes were provided by Capita. This is due to the increase in software migration prices year on year and an increase in implementation costs. There has also been further information from Capita on annual maintenance charges because of the migration.	

Unavoidable	£'000
Disabled Access (schools) DDA Legislation	200
Disabled access works to school buildings to meet the needs of disabled staff, pupils and visitors. Is in line with Council strategy to improve access for disabled pupils and potential pupils who are disabled to the curriculum and facilities of schools in Bracknell Forest, thereby meeting a statutory duty to plan systematically to improve access and avoid unreasonable discrimination. Prevents greater cost of out – Borough placements, possibly in the independent sector.	

Maintenance	£'000
Improvements & capitalised repairs - Schools	200
An assessment has been made of the condition of the Council's property assets to arrive at an estimate of the outstanding maintenance works required. Only Priorities 1D and 1C have been included in the Capital Programme proposals with a contingency allocation of £200,000 for Schools on the assumption that they should be responsible for meeting their maintenance requirements from within their delegated budgets.	
Improvements & capitalised repairs – Non-Schools	
Included in Council Wide allocation	

Rolling programme and Other Desirable	£'000
Additional School Places	600
A budget for provision of additional school places by way of modular buildings to meet unforeseen increases in demand for pupil places. This is a safety net for the Council in meeting its statutory duty to provide sufficient school places, and is required because all schools are full in 2009 and whilst the overall trend of rising rolls has been confirmed it is not possible to accurately predict where demand will fall in each year	

This page is intentionally left blank