



NOTICE OF MEETING

Schools Forum

Thursday 20 June 2013, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Schools Forum

Schools Members:

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Trisha Donkin, Primary School Representative
Ed Essery, Primary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers Representative
Louise Lovegrove, Primary School Representative
John McNab, Secondary School Governor
Joanna Quinn, Primary School Representative
Tony Reading, Primary School Governor
Paul Salter, Secondary School Representative
Trudi Sammons, Primary School Representative
Margaret Saner, Secondary School Governor
Anne Shillcock, Special Education Representative
John Throssell, Primary School Governor (Vice-Chairman)
Kathy Winrow, Secondary School Representative

Non-Schools Members

George Clement, Union Representative (Chairman)
Kate Sillett, PVI Provider Representative
Vacant, 14-19 Partnership Representative
Vacant, Diocese Representative (Roman Catholic)
One Vacancy, Diocese Representative

ALISON SANDERS
Director of Corporate Services

EMERGENCY EVACUATION INSTRUCTIONS

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If you require further information, please contact: Amanda Roden
Telephone: 01344 352253
Email: amanda.rodan@bracknell-forest.gov.uk
Published: 11 June 2013

Schools Forum
Thursday 20 June 2013, 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**

Any Member with a Disclosable Pecuniary Interest or an Affected Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

3. **Minutes and Matters Arising**

To approve as a correct record the minutes of the meeting of 14 March 2013.

1 - 4

4. **Membership of the Schools Forum**

To advise the Forum of a change to its membership.

5 - 6

5. **Capital Funding Bids**

To advise Schools Forum on the bids to Department for Education (DfE) for grant funding to support the Education Capital Programme.

7 - 12

6. **Update to the Scheme for Financing Schools**

To make changes to the Bracknell Forest Scheme for Financing Schools

13 - 20

To obtain agreement from members of the Schools Forum to make one change to the provisions relating to loan arrangements for schools and to provide an update on mandatory changes that the Department for Education (DfE) requires all local authorities (LAs) to implement.

7. **Additional Financial Support to Schools**

To update members of the Schools Forum on:

21 - 30

1 Direct financial support provided to schools during 2012-13 under powers delegated to the Director of Children, Young People and Learning;

2 Progress made by schools against current licensed deficit agreements;

3 Requests from schools for new loan arrangements;

- 4 The amount of Dedicated Schools Grant income expected to be received in 2013-14.

To approve the release of funding from the Schools Specific Contingency to Jennett's Park Primary school to finance the additional costs arising from moving from a 1 form of entry school to a 2 form of entry school from September 2013.

8. **2012-13 Provisional Outturn on the Schools Budget**

To inform members of the Schools Forum on the provisional outturn on the 2012-13 Schools Budget.

31 - 40

Information Items

9. **Department for Education School Funding Refrom - Arrangements from 2014-15**

To set out the changes to school funding, some of which are optional, and where relevant, provide an initial impact for Bracknell Forest. The report also confirms that the Council believes that a review of the Bracknell Forest Funding Formula is not necessary.

41 - 50

10. **Dates of Future Meetings**

The next meeting of the Schools Forum is scheduled for Thursday 18 July 2013 at 4.30pm in the Council Chamber at Easthampstead House.

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**SCHOOLS FORUM
14 MARCH 2013
4.30 - 5.23 PM**

Present:

Schools Members

Sue Barber, Primary School Governor
Ed Essery, Primary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers Representative
Louise Lovegrove, Primary School Representative
John McNab, Secondary School Governor
Tony Reading, Primary School Governor
Anne Shillcock, Special Education Representative
John Throssell, Primary School Governor (Vice-Chairman)
Kathy Winrow, Secondary School Representative

Non-Schools Members:

George Clement, Union Representative (Chairman)

Apologies for absence were received from:

Liz Cole, Primary School Representative
Trisha Donkin, Primary School Representative
Joanna Quinn, Primary School Representative
Paul Salter, Secondary School Representative
Trudi Sammons, Primary School Representative
Margaret Saner, Secondary School Governor
Kate Sillett, PVI Provider Representative
Councillor Dr Gareth Barnard, Executive Member for Children, Young People & Learning

27. Declarations of Interest

Anne Shillcock declared an interest in respect of Item 5 in relation to Kennel Lane Special School as a governor at the school.

Martin Gocke declared an interest in respect of Item 5 in relation to College Hall Pupil Referral Unit as a member of the Management Committee at the school.

28. Minutes and Matters Arising

RESOLVED that the minutes of the meeting held on 17 January 2013 be approved and signed by the Chairman as a correct record.

Matters Arising

On 1 March 2013, the Department for Education (DfE) announced capital grant funding allocations. In respect of finance to create additional school places, there was £1.6 billion nationally over the next two years, or which the council had been

allocated £5.9 million. This was approximately half the amount received in each of the last two years, which had been used for budget planning purposes.

In addition to the grant allocations, the DfE had also made available £982 million for local authorities to bid against for specific projects. There was also £80 million to bid for post-16 projects. Bids needed to be submitted by the end of April or early May.

In light of the lower than expected funding allocation, coupled with the prospect of being able to bid for additional funding, the Council was currently reviewing options before deciding how to proceed.

There was a one year allocation of £1.8 million for maintenance, which was in line with funding received in previous years and first impressions were that it was in line with needs.

29. **Free Early Education for Two Year Olds**

The Forum considered a report on proposals for the organisational and financial arrangements to be put in place to ensure compliance with the forthcoming statutory duty to provide up to 570 hours per annum of free early years education for the least advantaged two year olds.

There were two strands of funding: place funding to be paid to providers and trajectory funding would be used to support the expansion of funded two year old places in existing provision. This would include provision of additional targeted resources and workforce development training. Vulnerable families would be engaged to encourage use of provision. Provided the year end accounts were sufficiently under spent, the aim was to roll forward any underspend on a ring fenced basis to support this initiative.

Strategic risk assessments had been undertaken regarding issues of insufficient funding, insufficient places, outcomes for children, and family support.

RESOLVED that the Schools Forum recommended to the Executive Member:

- i. That subject to there being a sufficient overall year end surplus balance on the Schools Budget, that any under spend against the two year old element of the grant would be ring fenced and carried forward to 2014/15 for use to support successful delivery of the programme;
- ii. That in 2013/14 two year old early education places would be funded at a flat rate of £5.10 per hour;
- iii. To support the implementation of 15 hours per week of free early years education for eligible two year olds:
 - a. where possible, provision would be secured and funded from April, rather than the statutory implementation date of September,
 - b. that initially, providers would be funded on the basis of an agreed number of places for two year olds, rather than on actual participation.

The Schools Forum **AGREED** that the Trajectory Funding allocation of £251,893 be held centrally within the Schools Budget to support the implementation of free early education for two year olds.

30. **2013-14 Funding Arrangements for Providers of Specialist and Alternative Education**

The Forum considered a report which set out the 2013-14 funding arrangements proposed for specialist and alternative education providers maintained by the council. Changes were required as a result of the new funding framework being introduced by the Department for Education (DfE). The Forum had previously agreed that separate Review Groups be established to make recommendations for change on Alternative Provision (AP) and Special Educational Needs (SEN) and the report presented the findings.

These changes related to Kennel Lane Special School, College Hall Pupil Referral Unit (PRU) and the three schools with attached SEN Units; Great Hollands, Meadowvale and Ranelagh. The national funding framework required the providers to be funded on a place plus basis which equated to a guaranteed £10,000 for each agreed place in a specialist provider and £8,000 for each place in a PRU, with top up funding where assessed needs of an individual pupil exceeded those provided for in the place funding.

A number of matters of a local nature needed to be determined, including the number of places to be funded, budget transfers to reflect new responsibilities and the amount of top-up to be charged. The Review Groups were able to resolve all identified issues.

Participants in the Review Groups were thanked for their work.

The Forum:

- i. **AGREED** the proposals from the Review Groups for:
 - a. Kennel Lane Special School (paragraph 5.9);
 - b. College Hall Pupil Referral Unit (paragraphs 5.11);
- ii. **AGREED** that from 1 April 2013, the requirements on mainstream and special schools from the Scheme for Financing Schools would also apply to College Hall Pupil Referral Unit (paragraph 5.12);
- iii. **NOTED** the progress to date on arrangements for SEN Resource Units (paragraphs 5.13 to 5.16);
- iv. **NOTED** the likelihood that in the first instance a flexible approach to charging may be required to ensure the viability of essential provisions for high needs pupils and to be able to limit cost pressures on the Schools Budget (paragraph 5.17).

31. **Department for Education Review of 2013-14 School Funding Arrangements**

The Forum considered a report which set out the details of a DfE review of 2013-14 school funding arrangements. This reflected on issues identified by the DfE arising from the changes to be implemented from April 2013 and sought to identify what changes, if any, needed to be introduced from April 2014.

The DfE published a document on 12 February 2013 titled a 'Review of 2013-14 School Funding Arrangements'. Responses were required by 26 March 2013 which was before the reforms were due to come into effect.

The reforms were an initial set of changes to make some improvements in advance of a national funding formula which would be introduced during the next spending review period, after April 2014.

The review was divided into four sections: Are we moving towards national consistency?; Areas of concern and possible changes for 2014-15; Options for adjusting high needs funding in 2014-15 and beyond; and Schools Forums and the report set out the key matters.

The DfE review document also included analysis of provisional 2013-14 budgets from all local authorities, and in particular, how funds were expected to be distributed through local Funding Formulas. In general, the data recorded for Bracknell Forest Council was in the mid-range of local authority responses.

The Council had drafted a response to the DfE review of 2013-14 school funding arrangements, at Appendix 2.

The Forum:

- i. **NOTED** the proposals from the DfE on the review of 2013-14 school funding arrangements.
- ii. **CONSIDERED** what response if any the Forum should make to the review.

32. **Dates of Future Meetings**

The Forum noted that its next scheduled meeting on 25 April 2013 was expected to be cancelled due to insufficient business. The following meeting of the Forum was scheduled for Thursday 20 June 2013 at 4.30pm in the Council Chamber at Easthampstead House.

CHAIRMAN

**TO: SCHOOLS FORUM
20 JUNE 2013**

**MEMBERSHIP OF THE SCHOOLS FORUM
Director of Corporate Services**

1 INTRODUCTION

- 1.1 To advise the Forum of a change to its membership.

2 SUPPORTING INFORMATION

- 2.1 Nominations were recently sought to fill three vacancies for primary school governor representatives, three vacancies for secondary school governor representatives and one vacancy for a special education representative on the Forum following the end of the terms of office for John Throssell, Edward Essery, Sue Barber, Brian Fries, John McNab, Margaret Saner and Anne Shillcock. Six application forms have been received; from John Throssell, who is a governor at Crown Wood Primary School; Edward Essery, who is a governor at Wildmoor Heath Primary School; David Stacey, who is governor at Wooden Hill Primary School; Brian Fries, who is a governor at Easthampstead Park Secondary School; John McNab, who is a governor at Edgbarrow Secondary School, and Anne Shillcock, who is a governor at Kennel Lane Special School.
- 2.2 With only six applications, there is no need to hold an election and in accordance with the procedures for appointment to the Forum, Mr Throssell, Mr Essery, Mr Stacey, Mr Fries, Mr McNab and Mrs Shillcock have been duly appointed to fill the vacancies. It is proposed to appoint Mr Throssell, Mr Essery, Mr Stacey, Mr Fries, Mr McNab and Mrs Shillcock for a period of three years until 31 August 2016.

3 EQUALITIES IMPACT ASSESSMENT

- 3.1 There are no issues.

4 STRATEGIC RISK MANAGEMENT ISSUES

- 4.1 There are no issues.

Background Papers

None

Contact for further information

Amanda Roden, Democratic Services: 01344 352253
amanda.roden@bracknell-forest.gov.uk

Doc. Ref

Membership of the Schools Forum

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**TO: SCHOOLS FORUM
20 JUNE 2013**

**CAPITAL FUNDING BIDS
Director Children, Young People & Learning**

1 PURPOSE OF REPORT

- 1.1 To advise Schools Forum on the bids to Department for Education (DfE) for grant funding to support the Education Capital Programme.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 The bids to DfE for grant funding to support the Education Capital Programme.**
- 2.2 The potential revenue pressure that may arise in the short to medium term in developing a new in-borough SEN facility.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is appropriate for the Forum to be aware of, and where relevant, comment on the capital grant funding bids on behalf of schools.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not bidding for funding would have foregone the opportunity to secure additional capital investment into the school estate.

5 SUPPORTING INFORMATION

Education Capital Programme

- 5.1 The Council's Education Capital Programme is shaped by the identified priorities and the availability of funding. Since the cancellation of the Building Schools for the Future and Primary Capital Programme by the coalition government, the strategic priorities for the Education Capital Programme over the last three years can be summarised as Capacity, Compliance and Condition.
- 5.2 In recent years funding on the Education Capital Programme has been limited to the amount of the capital grants received from the DfE, which are set out on Table One below:

Unrestricted

Table One: DfE Grant Funding 2011-15

DfE Grant	2011/12	2012/13	2013/14	2014/15	TOTAL
Devolved Formula Capital Maintained Schools	£0.310m	£0.313m	£0.316m	tbc	£0.939m
Devolved Formula Capital VA Schools	£0.058m	£0.037m	£0.043m	tbc	£0.138m
Capital Maintenance Maintained Schools	£2.040m	£1.885m	£1.843m	tbc	£5.768m
Capital Maintenance VA Schools (LCVAP)	£0.366m	£0.217m	£0.229m	tbc	£0.812m
Basic Need Grant	£5.373m	£6.538m	£2.937m	£2.937m	£17.784m
TOTAL:	£8.147m	£8.990m	£5.368m	£2.937m	£25.441m

Basic Need Grant

- 5.3 Basic Need Funding is used by the Council to create the additional school places required to keep pace with rising rolls.
- 5.4 In their most recent funding announcement, DfE have made a two year allocation of Basic Need Grant for 2013/14 and 2014/5 of £5.874m, providing £2.937m in 2013/14 and £2.937m in 2014/15. This is, however, at 40% a significant reduction of funding when compared to the level of grant received in 2012/13 as indicated on Table One above.
- 5.5 The Education Capital Programme has been reviewed in the light of the reduced funding and is no longer affordable as originally envisaged. In the same grant funding announcement, however DfE have created two new grant funding schemes as set out below, which Local Authorities (LAs) can apply for. Details are set out in the following paragraphs. The Council has made applications in respect of all eligible projects on the Education Capital Programme to maximise investment into the school estate.

16-19 Demographic Growth Fund (DGF)

- 5.6 This is a new DfE Capital Grant Funding allocation of £80m of additional funding available in 2013/15 to support the cost of additional places needed by young people 16-19 years of age as a result of increases in population and/or participation and by young people 16-25 years of age who have learning difficulties and/or disabilities. LAs had to apply by 3 May 2013 and announcements of funding allocations are expected to be made in July 2013.
- 5.7 There was only one project on the Education Capital programme that met the eligibility criteria and the Council has applied for DGF funding in respect of the following projects set out in Table Two below:

Table Two: DGF Grant Applications

Project	Pupil Places Created	Funding Shortfall
Proposed SEN Facility	16 (post 16)	£0.660m

- 5.8 The proposed SEN facility is in an early stage of development but it might specialise in working with secondary aged pupils with Autistic Spectrum Disorder (ASD). Site options for this are currently being explored.

Targeted Basic Need Programme (TBN)

- 5.9 There is further £982m of additional funding available in 2013/15 under the DfE Targeted Basic Need programme (TBN) to fund the provision of new, high quality school places in locations experiencing basic need pressures in order to prepare for further rises in pupil numbers. This programme is intended provide additional support to those LAs experiencing the greatest pressure on places through the funding of new Academies and Free Schools, as well as enabling investment to permanently expand good and outstanding schools with high levels of demand. LAs had to apply by 30th April 2013 and announcements of funding allocations are expected to be made in June 2013.
- 5.10 There were four potential projects that met the eligibility criteria and the Council has applied for TBN funding in respect of the following projects as set out in Table Three below:

Table Three: TBN Grant Applications

Project	Pupil Places Created	Funding Shortfall
Garth Hill Expansion	330	£1.700m
Proposed SEN Facility	56 (secondary)	£0.660m
North Bracknell Surge Classroom	30	£0.300m
Owlsmoor Expansion	98	£1.826m
Total:	514	£4.486m

Eligibility Criteria

- 5.11 Unfortunately the eligibility criteria for the new DGF and TBN grant funding did not perfectly match all of the intended projects so all do not qualify. Eligibility criteria included having a “Good” or “Outstanding” Ofsted report and having above the national average point scores for attainment. In addition the grant could only be used in respect of school capacity projects to be completed by March 2015.
- 5.12 Individual schools and academies and Diocesan Authorities were also eligible to apply for this grant through the LA, and details were sent to all schools and Diocesan Authorities prior to the closing dates however no applications were received.

Likely Outcomes

- 5.13 Schools Forum will wish to note that there can be no certainty that all or any of our grant applications will be successful. Moreover we cannot be certain how much funding may be secured because applications are based on creating school places at Education Funding Agency construction cost per m2 rates which do not correspond to actual costs of projects on the ground.
- 5.14 If all of our applications for DGF and TBN are successful then all of the above projects will be able to proceed as currently envisaged.

Unrestricted

- 5.15 If some of our applications are successful then the programme will need to be adjusted to fit the available funding. This might mean phasing/deferring some of the works, in which case the likely impact will be that the works will cost more overall but would be affordable within each financial year.
- 5.16 If only 1-2 or none of our applications are successful then some projects may need to be radically redesigned to make them affordable, but the scope and scale of any changes required to be made to projects cannot be known until after the determination date in July 2013. Once the outcomes from funding allocations are known, a further update report will be presented to the Forum.

Revenue implications

- 5.17 The DfE allocates the ring-fenced Dedicated Schools Grant (DSG) to LAs to meet school revenue costs. In terms of funding mainstream schools, the DSG has always been adjusted to take account of increases in pupil numbers. Therefore, there is an expectation that increases in pupil numbers in mainstream schools will result in increased funding to meet the additional running costs, although this is not guaranteed and will be largely dependent on the outcomes of the 2013 Spending Review.
- 5.18 There is a different funding arrangement for pupils with high needs that attend specialist education providers, such as special schools. There is no automatic change in DSG funding if an LA increases the number of high needs places in its schools, with funding generally set for the next 2 years. However, the DfE have indicated that there may be an opportunity to bid for growth funding in 2014-15 but it is too early for any decisions on this.
- 5.19 It is therefore possible that if the SEN facility proceeds, no additional revenue funding will be received to meet running costs. This is likely to create a significant funding pressure on the schools budget in the short to medium term as the facility has low numbers and relatively high running costs. There is an expectation that in the long term there will be savings / future cost avoidance as numbers of SEN pupils increase in line with growth in the general population, but managing the financial pressures in the short term will be a challenge that may ultimately require money to be diverted from mainstream school budgets. Further modelling is being done on predicted pupil numbers to consider the full impact and risks.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 No legal implications arise directly from the matters discussed in this report.

Borough Treasurer

- 6.2 The financial implications are set out in the supporting information. It will not be possible to confirm which capital projects can proceed and the likely revenue implications until funding decisions are confirmed by the DfE.

Impact Assessment

- 6.3 Not required.

Strategic Risk Management Issues

6.4

ISSUE		RISK	COMMENT
1	Cost Risk	HIGH	The Education Capital Programme as currently envisaged is not affordable. There could be a significant impact on revenue costs from the creation of a new SEN facility.
2	Affordability Risk	MEDIUM	Projects will be re-phased and/or re-designed to fit the available budgets.
3	School Places Risk	HIGH	Forecast demand for pupil places remains high in the short to medium term.
4	Grant Funding Application Risk	MEDIUM	The chances of successfully bidding for additional grant funding are difficult to assess. Our success will also be subject to the quality of the application/s and the level of competition from other LAs.
5	Planning Risk	HIGH	All of the options will involve significant planning risk most notably in respect of Highways issues including drop-off and pick-up.

7 CONSULTATIONPrincipal Groups Consulted

- 7.1 All headteachers and Diocesan Authorities were sent details of the DGF and TBN funding opportunities prior to the closing dates.
- 7.2 Projects at individual schools have been subject of consultation with Headteachers and Governors.

Method of Consultation

- 7.3 Letters were sent to all headteachers and Diocesan Authorities were sent details of the DGF and TBN funding.
- 7.4 Meetings have been held with Headteachers and Governors at the individual schools.

Representations Received

- 7.5 No grant applications were received from individual schools or Diocesan Authorities for DGF or TBN funding.
- 7.6 The feedback from Headteachers and Governors has been captured into the designs of the projects at individual schools.

Background Papers

Details of the DGF funding stream and eligibility criteria can be found on the DfE website at:
<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a00210672/16-19-demographic-growth-and-sixth-form-college-fund>

Details of the TBN funding stream and eligibility criteria can be found on the DfE website at:
<http://www.education.gov.uk/schools/adminandfinance/schoolscapital/a00222248/targeted-basic-need-programme>

Contact for further information

Chris Taylor
(01344 354062)

Head of Property & Admissions
chris.taylor@bracknell-forest.gov.uk

TO: **SCHOOLS FORUM**
20 JUNE 2013

UPDATE TO THE SCHEME FOR FINANCING SCHOOLS
Director of Children Young People & learning

1 PURPOSE OF REPORT

- 1.1 This report relates to making changes to the Bracknell Forest Scheme for Financing Schools. It seeks to obtain agreement from members of the Schools Forum to make one change to the provisions relating to loan arrangements for schools and to provide an update on mandatory changes that the Department for Education (DfE) requires all local authorities (LAs) to implement.

2 RECOMMENDATIONS

That members representing maintained schools AGREE that the BF Scheme for Financing Schools be updated to include:

- 2.1 **The additional condition on loans to schools (paragraphs 5.5 and 5.6);**
2.2 **The changes required in the latest statutory guidance from the DfE (paragraph 5.9).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To make effective the changes proposed by the Council requires the agreement of members of the Schools Forum representing maintained schools only.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Comments received through the consultation are included in this report.

5 SUPPORTING INFORMATION

Background

- 5.1 Each LA is required to publish a Scheme for Financing Schools (the "Scheme"). This sets out the financial relationship between the LA and the maintained schools which it funds, so does not apply to academy schools. It is a legally binding document on both the LA and schools relating to financial management and associated issues.
- 5.2 The DfE issues statutory guidance to LAs in respect of minimum content of Schemes. Parts of Schemes must be in accordance with "directed scheme revisions" and are mandatory, for other elements of schemes, there is discretion to make changes to reflect local circumstances. The statutory power to update discretionary parts of Schemes rests with maintained school representatives on the Schools Forum, but changes can only be made after a consultation with all governing bodies and head teachers.

- 5.3 The current Bracknell Forest Scheme was agreed by the Forum in February 2012. This report requests one discretionary change be made that relates to loan arrangements that are available to schools and updates the Forum on the latest mandatory “directed scheme revision” issued by the DfE that must be included in Schemes.

Discretionary change now being proposed

- 5.4 As schools considering their 2013-14 budget plans, the LA received a small number of requests for temporary loans, either to help manage a short term budget deficit, or to allow for the purchase of a capital asset. Whilst the existing BF Scheme allows for loans, an additional condition is considered necessary to allow for the efficient recovery of any loan advance, should a school subsequently convert to academy status.
- 5.5 A consultation document on this matter was emailed to head teachers and chairs of governors of maintained schools on 13 May, seeking a response by 7 June to the proposal to add the following additional condition to loan arrangements to schools:
- arrangement for a loan will only be agreed where the governing body agrees in writing that should the school convert to an academy, to fully repay any outstanding balance, including where relevant any associated interest, no later than one month before conversion

In addition, the LA proposes to make minor changes to wording to improve clarity and update various references, such as replacing current text of the Executive Member for Education with the current title of Executive Member for Children, Young People and Learning.

- 5.6 17 schools (45%) had responded to the consultation by the closing date, all of which supported the proposal. Whilst supporting the proposal, two comments were received by schools. The first pointed out that some schools may be obliged to convert to an academy and may not be in a position to fully repay a loan. The other questioned what would happen if a school could not afford to repay any loan balance. In such circumstances, current practice is for the DfE to pay any outstanding amount, and then recover it over an agreed period with the academy school. The Forum is therefore requested to agree that the Scheme be updated accordingly.
- 5.7 The full text relating to loans for schools, including the proposed new condition is set out at Annex A. The current BF Scheme can be found at:

<http://schools.bracknell-forest.gov.uk/Assets/scheme-for-financing-schools.pdf>

Due to the length of this document (64 pages) and for reasons of cost effectiveness, the current scheme has not been printed with this agenda. Should any Forum member require paper copies, please email paul.clark@bracknell-forest.gov.uk with a mailing address.

Mandatory changes required

- 5.8 In March 2013, the DfE issued revised statutory guidance (issue 6) to LAs regarding changes required to the content of their Schemes. **All of the revisions relate to the new funding arrangements that came into effect from April 2013.**
- 5.9 The changes required relate to:
- a) Various updates to refer to the latest regulations.
 - b) Confirmation that legislation has been amended to require maintained Pupil Referral Units (PRUs) to be covered by the Scheme. Note: the BF Schools Forum agreed that the Scheme should apply to College Hall PRU in March 2013.
 - c) Only schools forum members representing maintained schools can now approve scheme changes.
 - d) Clarifying that place-led funding for specialist high needs providers must be included in arrangements for payments by instalment, where relevant. Note: no schools in BF receive their funding through instalments.
 - e) Clarification that top up payments for high needs pupils above the £6,000 should be made monthly unless otherwise agreed. Note: maintained schools in BF receive funding annually in advance, with termly processing for adjustments where necessary.
 - f) Funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools, or a central budget for special schools and PRUs. This is the current position in BFC.
 - g) Clarification that the schools forum can agree de-delegation of certain budgets to be returned to the LA for central management. The BF Forum has agreed to de-delegation associated budgets.
 - h) Amended wording in relation to the power afforded to LAs to charge the school budget share if appropriate support has not been made for a High Needs pupil. This change is to reflect the new terminology.
 - i) In respect of the provision of services from centrally retained budgets, a clarification has been added so that only existing commitments for redundancy / PRC payments are taken into account and the removal of reference to non-provision of LA services where funding has been provided to some schools only as these are no longer compatible with new legislation.
 - j) Deletion of references to optional delegated funding as this is not allowed under the new funding regulations. Option delegation has not been used in BF.
 - k) Removal of provision for LAs to retain centrally money for repair and maintenance of school kitchens where funding for school meals has not been delegated. Funding for repair and maintenance of school kitchens was previously delegated in BF.
 - l) A restriction has been added to limit the budget provision for termination of employment costs funded from central schools budget to the value of the previous year;
 - m) A clarification that contingency for schools in financial difficulty will need to be de-delegated.

The Forum is requested to agree that the mandatory changes are implemented.

- 5.10 The full text relating to the mandatory changes can be found at:

<http://media.education.gov.uk/assets/files/pdf/s/scheme%20guidance%20march%202013.pdf>

Due to the length of this document (46 pages) and for reasons of cost effectiveness, the document has not been printed with this agenda. Should any Forum member require paper copies, please email paul.clark@bracknell-forest.gov.uk with a mailing address.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 No legal issues arise directly from the matters discussed in this report.

Borough Treasurer

- 6.2 The Borough Treasurer is satisfied that no significant financial implications arise from this report.

Equalities Impact Assessment

- 6.3 Not required

Strategic Risk Management Issues

- 6.4 None identified.

7 CONSULTATION

Principal Groups Consulted

- 7.1 Schools (Bursars, Head Teachers and Chairs of Governors).

Method of Consultation

- 7.2 Formal consultation.

Consultation Responses

- 7.3 Incorporated into the body of this report.

Background Papers

BF Scheme for Financing Schools

Statutory guidance for local authorities [on Schemes]: Issue 6

Unrestricted

Contact for further information

David Watkins, Chief Officer: SREI

(01344 354061)

david.watkins@bracknell-forest.gov.uk

Paul Clark, Head of Departmental Finance

(01344 354054)

paul.clark@bracknell-forest.gov.uk

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Change proposed for loan arrangements for schools – May 2013

A new condition to loan arrangements for schools is proposed. This relates to requiring governing bodies to agree that should the school convert to an academy, to fully repay any outstanding loan balance no later than one month before conversion.

New text is **shaded yellow and bold**

References to the Executive Member for Education have been replaced with the Executive Member for Children, Young People and Learning.

4.9 Loan arrangements

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to receive a loan in advance of future budget allocations. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools, and will be considered on an individual basis. General features of the scheme are detailed below:

Circumstances in which a loans may be agreed:

1. if in the opinion of the Director of Children, Young People and Learning a school could not otherwise achieve its improvement targets (there will still be a requirement of the governing body to demonstrate repayment),
2. if in the opinion of the Director of Children, Young People and Learning and Borough Treasurer a school could not reasonably be expected to effect immediately the savings required as a result of a significant reduction in pupil numbers (there will still be a requirement of the governing body to demonstrate repayment),
3. where major capital projects which would otherwise result in the project not being undertaken (there will be a requirement of the governing body to demonstrate repayment),
4. to finance invest to save schemes e.g. energy efficiency investments which result in net annual savings after making the required loan repayments.

Outline features of the scheme.

- the maximum length over which schools may repay the loan is 3 years (i.e. reach at least a zero balance), where the loan is granted under 1 and 2 above, with longer periods available for items 3 and 4., which will be determined on a case by case basis, linked to the expected useful life of the asset and the ability of individual schools to repay any loan.
- arrangement for a loan will only be agreed where the governing body produces a plan which demonstrates to the satisfaction of the Director of Children Young People and Learning and Borough Treasurer the savings or additional income required to repay the deficit within an agreed timescale.

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- **arrangement for a loan will only be agreed where the governing body agrees in writing that should the school convert to an academy, to fully repay any outstanding balance, including where relevant any associated interest, no later than one month before conversion.**

In general the minimum size of loans which may be agreed will be the lesser of the following:

Primary schools	£10,000
Special schools	£20,000
Secondary schools	£30,000

OR

For all types of school, 5% of the size of the budget share as determined by the authority.

In general the maximum size of loans which may be agreed will be the greater of the following:

Primary schools	£50,000
Special schools	£150,000
Secondary schools	£250,000

OR

For all types of school, 15% of the size of the budget share as determined by the authority.

- interest will be charged at 1% above the Council's cost of borrowing on the date on which the loan is advanced unless the authority agrees for it to be waived. The requirement to pay interest will be assessed on the merits of each individual application, and in general, loans under categories 1 and 2 above will not attract interest with loans under categories 3 and 4 likely to attract interest.

Outline controls on loans

- the maximum proportion of the collective balances held by the authority which will be used to support the arrangement shall not exceed 40%,
- the Director of Children, Young People and Learning and the Borough Treasurer of the authority will make recommendations to the Schools Forum and Executive Member for Children, Young People and Learning to agree any loans and the terms on which they are offered.

The authority may request those schools operating external bank accounts to allow some or all of those balances to support the above arrangements.

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**TO: SCHOOLS FORUM
20 JUNE 2013**

**ADDITIONAL FINANCIAL SUPPORT TO SCHOOLS
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members of the Schools Forum on:
- i. Direct financial support provided to schools during 2012-13 under powers delegated to the Director of Children, Young People and Learning;
 - ii. Progress made by schools against current licensed deficit agreements;
 - iii. Requests from schools for new loan arrangements;
 - iv. The amount of Dedicated Schools Grant income expected to be received in 2013-14.
- 1.2 The Forum is also requested to approve the release of funding from the Schools Specific Contingency to Jennett's Park Primary school to finance the additional costs arising from moving from a 1 form of entry school to a 2 form of entry school from September 2013.

2 RECOMMENDATIONS

That the Schools Forum:

- 2.1 **NOTES** the £46,267 of direct financial support provided to schools during 2012-13 under powers delegated to the Director of Children, Young People and Learning (paragraphs 5.6 to 5.9);
- 2.2 **NOTES** that Cranbourne Primary School is on target to meet the terms of the previously agreed licensed deficit but with a risk that a small deficit may carry forward into 2014-15 (paragraph 5.15);
- 2.3 **AGREES** the requests from Ascot Heath Infants and Wildmoor Heath Primary schools for new loan advances are presented to the Executive Member for formal agreement (paragraphs 5.17 and 5.18);
- 2.4 **AGREES** the release of £110,000 from the School Specific Contingency to finance the additional costs arising at Jennett's Park Primary School from moving from a 1 form of entry school to a 2 form of entry school from September 2013 (paragraph 5.19).
- 2.5 **NOTES** at this stage the estimated amount of Dedicated Schools Grant for 2013-14 is £74.992m (after deduction to fund Ranelagh Academy), (paragraphs 5.23 and 5.24);
- 2.6 **NOTES** the £408,521 of post 16 SEN funding that will be received in respect of Kennel Lane Special School which was not taken into account in setting the 2013-14 budget (paragraph 5.25).

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None. The proposals in the report are in accordance with agreed policies to provide additional financial support schools.

5 SUPPORTING INFORMATION

Background

- 5.1 The LA has two main options to support schools requesting additional financial support. Where significant budget difficulties exist, and it is unreasonable to expect a school to be able to solve these through the management of their normal budget allocations, or where a school is in or at risk of falling into one of the Ofsted categories of causing concern, additional funding can be provided that does not need to be repaid. Alternatively, loans can be agreed. Loans can either be to assist a school that is experiencing medium term financial difficulties that over time can be readily managed and the school return to a surplus, or where a capital investment is proposed but the school does not yet have the full resources to afford the purchase. In these circumstances, schools fully repay any loan, including where relevant, any associated interest.

Additional Funding Provided to Schools

Background and summary

- 5.2 In April 2012, in order to allow funds to be allocated within an appropriate time scale, the Forum agreed to delegate a set of powers to the Director of Children, Young People and Learning to allocate funds up to but not exceeding £150,000 in any financial year, dependent on the Ofsted category of the school, or where there is considered a risk of being placed in a category. Any such allocations would subsequently be reported to the Schools Forum for information.
- 5.3 The level of allocation of funds would be:
- a. schools judged to be inadequate and having serious weaknesses (up to £20k per year)
 - b. schools deemed to be in need of Special Measures (up to £50k per year)
 - c. schools at risk being judged to be inadequate (up to £30k per year)

Note the terminology has been updated in the criteria to reflect the latest Ofsted categories.

- 5.4 Where schools enter an Ofsted category of concern ((judged to have serious weaknesses or placed in Special Measures) the LA establishes a Management Intervention Board (MIB). The Board has an independent chair and senior officers of the LA as members. The headteacher and Chair of Governors of the school also attend the MIB to report on progress. A support plan outlines the actions to be taken by the school and the LA in order to effect rapid improvement. Where the school is unable to fund these actions from its own delegated budget the MIB can request that additional resources be sought. Any such requests are approved by the Director of Children, Young People and Learning. Funds would be allocated to the school from those held for schools in financial difficulty which for 2013-14, there is an approved budget of £283,850.
- 5.5 For schools that are not in an Ofsted category but where additional LA support is deemed to be necessary a Standards Monitoring Board can be established of which the headteacher and Chair of Governors attend. The boards meet regularly to discuss progress and determine with the school where additional resources might be required. Requests for additional resources are subject to the approval of the Director of Children, Young People and Learning.

Allocations agreed in 2012-13

- 5.6 Under these delegated powers, the Director agreed additional financial support to 3 schools last year, totalling £46,267.

Wildmoor Heath Primary - £19,857

- 5.7 Wildmoor Heath school was placed in Special Measures following an Ofsted inspection in December 2011. A MIB was established and the school has worked with the LA to improve outcomes for pupils. Funds have been used to support the professional development of staff and purchase additional teaching resources. The most recent Ofsted monitoring inspection report in March 2013 reported good progress and a re-inspection is expected soon.

Easthampstead Park Community Secondary - £12,110

- 5.8 Easthampstead Park Community Secondary school was inspected in September 2012 and judged to require improvement. This was an improvement on the previous inspection in June 2011 which had judged the school to be inadequate. The MIB established in 2011 has now been transformed into a Standards Monitoring Board which meets to review progress. Resources have been used to support the professional development of staff and provide access to a range of external support services.

Other schools - £14,200

- 5.9 A Standards Monitoring Board has been established for a primary school where additional support was deemed to be necessary in order to secure good pupil progress. A total of £14,200 was allocated to the school to support the professional development of staff and additional resources. The latest LA monitoring report on the school indicates improved pupil progress. Schools in this category remain confidential.

Allocations anticipated in 2013-14

- 5.10 At this stage of the year it is difficult to know with any certainty which schools are likely to require additional financial support under the Ofsted category route as this will be greatly determined by Ofsted inspections that have yet to take place. In terms of the schools that received support in 2012-13, it is expected that all three schools will need on-going support during the financial year 2013-14. The outcomes of end of Key Stage 1 and 2 assessments and public examinations in 2013 and LA monitoring reports will be used to determine whether any additional schools will require support.

Loan Arrangements / Licensed Deficits

Background and summary

- 5.11 There are circumstances where schools may experience budget difficulties and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through loan arrangements (formerly licensed deficits) which provide for a short term loan advance so that schools have sufficient time to manage expenditure reductions or receive additional income that demonstrate the ability to fully repay any over spending within an agreed period. Both the Schools Forum and Executive Member for Children, Young People and Learning need to agree loan requests.
- 5.12 A summary of the circumstances in which a loan may be agreed is as follows:
1. Where a school would not otherwise achieve its improvement targets;
 2. It would not be reasonable to effect immediately the savings required as a result of a significant reduction in pupil numbers;
 3. A major building project is proposed;
 4. To finance an invest to save scheme.

Full terms and conditions required for approval of a loan are set out in Annex A.

- 5.13 As a preliminary to presenting a loan for comment and agreement, officers of the LA undertake detailed reviews of school requests. This usually involves discussions with the Headteacher, Chairman of Governors and Bursar.
- 5.14 The governing body of a school receiving agreement to a loan / licensed deficit has to agree a medium term budget plan which will be kept under review by the LA on at least an annual basis. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which will need to be agreed with the Director of Children, Young People and Learning and the Borough Treasurer and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.
- 5.15 The one existing licensed deficit arrangement has been reviewed, and no changes are proposed to the terms currently in place. This relates to Cranbourne Primary School which had a deficit of £20,288 as at 31 March, which is due to be fully repaid

by 31 March 2014. At this stage there is a risk that there may remain a small deficit at the end of 2013-14. Current information shows that the school roll will increase by 8 pupils at October 2013, increasing the 2014-15 budget by around £22,000, which together with a much smaller deficit to repay compared to the £20,288 in the current year, indicates a strong likelihood that the school would return to a surplus no later than 2014-15.

New loans proposed for 2013-14

- 5.16 In considering 2013-14 requirements, two new loans are proposed.

Wildmoor Heath Primary School

- 5.17 As set out above, Wildmoor Heath Primary School is in Special Measures but is making good progress and is expected to be removed from this Ofsted Category during 2013. In the short term, to support specific activities on the action plan, it is expected that under the approved delegated powers, the Director will agree additional financial support that will not need to be repaid. In terms of the school's core budget, a review has identified a small shortfall between income and planned spend for 2013-14 of £15,000 which a medium term budget plan has demonstrated can be fully repaid by 31 March 2017 through additional budget allocation from the BF Funding Formula as pupil numbers increase from 163 to a forecast 175 during the period of the loan request. The Forum is requested to agree this loan request and that it is made on an interest free basis.

Ascot Heath Infant School

- 5.18 Ascot Heath Infant School have requested a loan of £20,000 to be fully repaid by 31 March 2018 to allow an Eco Building to be constructed adjacent to the existing Wild Garden, thereby resolving many issues in the school regarding lack of space. Total cost of the project is estimated at £55,000 of which £35,000 will be financed from school devolved capital and external contributions secured by the school. The Forum is requested to support this loan request, which the school is aware would attract interest, and which the Director of Children, Young People and Learning will agree with the school the details of annual repayments to be made.

Allocation Proposed from the School Specific Contingency

- 5.19 In making recommendations for the 2013-14 Schools Budget, in January 2013, the Forum agreed top up funding should be paid to the new Jennett's Park Primary School to reflect the special circumstances arising from a rapid increase in roll from a 1 form of entry school to a 2 form of entry at September 2013. As the BF Funding Formula has to allocate funds to schools based on October 2012 pupil numbers, the original budget is lower than the costs needed to be incurred from the new academic year. £100,000 was provisionally set aside for this purpose in the total School Specific Contingency budget of £551,240, although it was acknowledged that the final amount of support may need to be changed in the light of discussions with the school. Those discussions concluded that £110,000 is the appropriate amount, and the Forum is requested to agree to the release of these funds as School Funding Regulations require the local Schools Forum to approve all funding allocations from the school specific contingency.
- 5.20 Allocating these additional funds may result in an over spending on the School Specific Contingency, but this will not be known until allocations to support other schools experiencing significant increases in pupil numbers and those needing to

meet the Key Stage 1 class size regulations have been fully determined in early 2014. Therefore at this stage, no action is considered necessary against the potential over spending.

Anticipated Dedicated Schools Grant (DSG) for 2013-14

- 5.21 The Schools Budget for 2013-14 was agreed by the Forum in January, before the DfE had confirmed the actual level of DSG. This was a consequence of the national funding reforms where it was taking longer than expected to agree some funding transfers required to properly reflect new responsibilities. Therefore the original Schools Budget was set with anticipated DSG income of £78.865m, comprising a revised base allocation of £77.532m and £1.333m additional income from an increase in pupil numbers. The DSG estimate was made before making an allowance for the deduction required to transfer funds due to Ranelagh Academy to the Education Funding Agency (EFA).
- 5.22 Subsequent to this meeting, the DfE has made a number of adjustments to the provisional DSG. Table 1 below sets out the level of DSG for 2013-14. Lines 1 to 8 are as reported to the Forum in January, with subsequent lines setting out the notified changes. Line 9 reflects changes to post 16 SEN funding in the light of negotiations with the EFA around student numbers and needs, 10 adds funds so that LAs can continue to make grant payments to private /voluntary/ independent settings that were previously made by the EFA with 11 being the funding deducted from the Council to be passed to the EFA to make direct payments to private /voluntary/ independent settings for their £10,000 place funding i.e. elements 1 and 2 of the “place plus” funding model. Lines 12 and 13 represent deductions for Ranelagh Academy, as determined from the BF Funding Formula, which the EFA pass on to the school.
- 5.23 As all the changes are specific to either changes in SEN funding responsibilities, or Ranelagh Academy, budgets in these areas of the accounts will be adjusted accordingly.

Table 1: DSG for 2013-14

Ref	Budget Area	Provisional Funding £m
	<u>Initial DSG calculation:</u>	
1	Final DSG for 2012-13	76.487
2	Add 'appropriate body' role in induction for NQT	0.022
3	Add EFA post 16 SEN grant	0.516
4	Less High Needs Pupils in other LA schools	-0.197
5	Less funding transfer for hospital education	-0.128
6	Less provisional deduction for new places and post-16 high needs pupils	-0.063
7	Addition for free entitlement for 2 year olds	0.894
8	Growth from 318 additional pupils	1.333
	Total provisional DSG funding	78.865

Ref	Budget Area	Provisional Funding £m
	<u>Adjustments to initial DSG:</u>	
9	Adjustment to provisional deduction for new places and post-16 high needs pupils above in line 6	0.114
10	Share of EFA grant of £92m paid to private /voluntary/ independent settings etc	0.099
11	Deduction for £10,000 place funding to High Needs Pupils in private /voluntary/ independent settings.	-0.497
12	Less funding for Ranelagh Academy: Main budget	-3.503
13	Less funding for Ranelagh Academy: SEN Unit	-0.100
	Final anticipated DSG funding	74.978

- 5.24 The DfE has very recently indicated that a further adjustment to SEN funding may be required which would add a further £0.013m to the level of DSG, making a revised total of £74.992m. This change has yet to be confirmed.

Post 16 SEN Grant Funding

- 5.25 Subsequent to setting the Schools Budget, it has become apparent that with effect from August 2013, Kennel Lane Special School (KLS) will be funded for post 16 SEN students in the same way as secondary schools, with an earmarked grant allocation paid by the EFA which LAs must “passport” on to relevant schools. The relevant amount has recently been confirmed at £408,521. As the original budget for KLS was set at the level needed to cover full costs and was fully funded from DSG, passing this grant to the school allows for a equivalent reduction to be made in funding from DSG without impacting of income received by KLS. A proposal on use of this additional income will be made in the autumn, once there is a clearer understanding of the financial impact from the funding reforms.

Next Steps

- 5.26 Should the Forum support the loan requests from schools, these will be presented to the Executive Member for final approval. All other types of financial support to schools will be determined through the application of approved policies and relevant schools informed accordingly.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal provisions are addressed within the main body of the report.

Borough Treasurer

- 6.2 The financial implications of the report are outlined in the supporting information.

Impact Assessment

6.3 There are no specific impact assessments arising from this report.

Strategic Risk Management Issues

6.4 There are no specific strategic risk management issues arising from this report

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 Not applicable, applying agreed policy.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

Scheme for Financing Schools
Budget plans of relevant schools
Letters from governors requesting financial support

Contact for further information

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

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

Doc. Ref

Doc. Ref G:\New Alluse\Executive\Schools Forum\62) 200613\2013-14 Support to schools in financial difficulties
etc.doc

Extract from Section 4 of the Scheme for Financing Schools

Note, the following text incorporates the change proposed to the scheme for loan arrangements, as contained on a separate agenda item.

4.9 Loan arrangements

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to receive a loan in advance of future budget allocations. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools, and will be considered on an individual basis. General features of the scheme are detailed below:

Circumstances in which a loans may be agreed:

1. if in the opinion of the Director of Children, Young People and Learning a school could not otherwise achieve its improvement targets (there will still be a requirement of the governing body to demonstrate repayment),
2. if in the opinion of the Director of Children, Young People and Learning and Borough Treasurer a school could not reasonably be expected to effect immediately the savings required as a result of a significant reduction in pupil numbers (there will still be a requirement of the governing body to demonstrate repayment),
3. where major capital projects which would otherwise result in the project not being undertaken (there will be a requirement of the governing body to demonstrate repayment),
4. to finance invest to save schemes e.g. energy efficiency investments which result in net annual savings after making the required loan repayments.

Outline features of the scheme.

- the maximum length over which schools may repay the loan is 3 years (i.e. reach at least a zero balance), where the loan is granted under 1 and 2 above, with longer periods available for items 3 and 4., which will be determined on a case by case basis, linked to the expected useful life of the asset and the ability of individual schools to repay any loan.
- arrangement for a loan will only be agreed where the governing body produces a plan which demonstrates to the satisfaction of the Director of Children Young People and Learning and Borough Treasurer the savings or additional income required to repay the deficit within an agreed timescale.
- arrangement for a loan will only be agreed where the governing body agrees in writing that should the school convert to an academy, to fully repay any outstanding balance, including where relevant any associated interest, no later than one month before conversion.

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In general the minimum size of loans which may be agreed will be the lesser of the following:

Primary schools	£10,000
Special schools	£20,000
Secondary schools	£30,000

OR

For all types of school, 5% of the size of the budget share as determined by the authority.

In general the maximum size of loans which may be agreed will be the greater of the following:

Primary schools	£50,000
Special schools	£150,000
Secondary schools	£250,000

OR

For all types of school, 15% of the size of the budget share as determined by the authority.

- interest will be charged at 1% above the Council's cost of borrowing on the date on which the loan is advanced unless the authority agrees for it to be waived. The requirement to pay interest will be assessed on the merits of each individual application, and in general, loans under categories 1 and 2 above will not attract interest with loans under categories 3 and 4 likely to attract interest.

Outline controls on loans

- the maximum proportion of the collective balances held by the authority which will be used to support the arrangement shall not exceed 40%,
- the Director of Children, Young People and Learning and the Borough Treasurer of the authority will make recommendations to the Schools Forum and Executive Member for Children, Young People and Learning to agree any loans and the terms on which they are offered.

The authority may request those schools operating external bank accounts to allow some or all of those balances to support the above arrangements.

**TO: SCHOOLS FORUM
20 JUNE 2013**

**2012-13 PROVISIONAL OUTTURN ON THE SCHOOLS BUDGET
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of the Schools Forum on the provisional outturn on the 2012-13 Schools Budget.

2 RECOMMENDATIONS

That the Schools Forum:

- 2.1 **NOTES that the outturn expenditure for 2012-13, subject to audit, shows spend of £77.515m which is £0.025m more than the approved budget (paragraph 5.4);**
- 2.2 **NOTES that after transfers to and from earmarked reserves, the Schools Budget under spent by £0.349m, which when added to the £0.168m year end balance, creates a general reserve that amounts to £0.517m (paragraphs 5.5 and 5.9);**
- 2.3 **NOTES that the current balances on specific earmarked reserves within the Schools Budget amount to £5.955m (Table 1, paragraph 5.7);**
- 2.4 **REQUESTS to the council's Executive that a new School Meals Catering Re-tender Reserve is created within the Schools Budget in the value of £0.040m (paragraph 5.11).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations are intended to inform the Schools Forum of financial performance against budget in the 2012-13 financial year.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not appropriate.

5 SUPPORTING INFORMATION

2012-13 Schools Budget Revenue Expenditure

- 5.1 In March 2012, the Schools Forum approved a draft Schools Budget for 2012-13 of £76.330m. This was to be funded from the estimated amount of DSG income that would be received from the DfE (£76.100m) and a draw down of part of the accumulated surplus balance on the Schools Budget (£0.230m).

Unrestricted

- 5.2 Subsequent to this decision, anticipated income was updated by adding £4.322m to reflect sixth form grant income from the Education Funding Agency (EFA), with £3.285m deducted in respect of the Ranelagh Academy school, as the EFA recoups this amount to pay Ranelagh direct. Therefore, the final budgeted amount of income was set at £77.367m.
- 5.3 In accordance with DfE Funding Regulations, a number of budget adjustments have also been made to reflect the transfer of funds from centrally managed budgets where schools have met qualifying criteria. The most significant adjustments reflect changes in SEN funding for named pupils, allocations from the school specific contingency and support to schools in financial difficulty.

Provisional Outturn Position

- 5.4 The provisional final accounts include net expenditure excluding other school grants in the Schools Budget of £77.515m, an over spend by £0.025m. This comprises over spendings of £1.884m against approved budget allocations and under spendings of £1.859m. These figures remain subject to change, pending external audit, although no significant movement is anticipated.
- 5.5 Some expenditure in the Schools Budget is financed from earmarked reserves and balances. In 2012-13, £0.374m of costs were funded from such sources. Therefore, by funding these costs from non-DSG resources, the £0.025m net over spending becomes a net under spending of £0.349m. Paragraphs 5.7 to 5.11 below explain further the use of balances and reserves.
- 5.6 An explanation of the main changes from the approved budget plan, after transfers to or from reserves and balances are as follows:
- i. **Delegated School Budgets – nil variance.** Statutory Regulations require balances on school budgets to be earmarked to individual schools. There was an aggregate £0.060m withdrawal from balances during the year.
A detailed report on school balances will be presented to a future meeting of the Schools Forum once relevant information has been gathered from schools to explain significant changes.
 - ii. **Other School Grants - £0.013m under spend.** This budget relates to sixth form grant funding received from the EFA which the Council must in general pass directly on to the schools it maintains in the amounts specified by the EFA. However, within the funding allocation is a grant to finance teachers' pensions which the LA has discretion over how it gets allocated to all secondary schools, including academies. Ranelagh's share of the grant is shown against this budget as an under spending, as the EFA recoup the relevant amount through the Dedicated Schools Grant at line ix below and not this budget line.
 - iii. **SEN provisions and support services - £0.536m over spend.** The most significant element of over spending relates to the cost of external placements for pupils with SEN where spend was £0.518m above budget. This reflects an increase of 10 pupils placed compared to those anticipated when the budget was set. There were a number of other variances across the range of support services and other direct provisions.

Unrestricted

- iv. **Pupil behaviour - £0.067m under spend.** There was a £0.053m under spend at the Behaviour Support Team, mainly on staffing, as a result of a number of posts becoming vacant together with further savings on premises costs and general resources. Other minor variances occurred across the range of other support services.
- v. **School staff absence and other items - £0.135m under spend.** A number of variances occurred on the services that support schools, of which the most significant comprised; a £0.111m over spending on the school contingency, mainly from additional in-year allocations to schools experiencing significant increases in pupil numbers; a £0.088m under spending on the cost of official school staff absences, of which maternity leave cover represented £0.059m of the under spend; a £0.069m under spending on the early years contingency as increases in numbers of 3 and 4 year olds receiving the free entitlement to education and childcare were lower than expected; a £0.040m receipt from the contractor of an advance previously paid to finance the mobilisation of the previous school meals contract as the re-tendering did not result in a change in contractor; and a £0.037m under spend from two year's charges for the Carbon Reduction Tax.
- vi. **Combined Service Budgets - £0.050m under spend.** These budgets support the every child matters agenda and when combined with budgets for similar services that are funded by the Council can result in a greater overall impact and educational benefit. Support to looked after children under spent by £0.017m, mainly from staff vacancies, with a £0.17m under spending at the Margaret Wells Furby Children's Resource Centre as a result of a requiring a lower level of service delivery than allowed for in the budget and £0.015m on the SEN contract monitoring post which was temporarily vacant.
- vii. **Early Years provisions and support services - £0.022m under spend.** The most significant variance arose from a lower level of take up of the free entitlement to education and child care than provided for in the budget.
- viii. **Support to schools in financial difficulty – £0.258m under spend.** As set out on a separate addenda item, three schools qualified for relatively small support from the financial difficulties budget during the year.
- ix. **DSG – change from original estimate - £0.340m additional income.** The amount of DSG for 2012-13 was confirmed at £73.155m which is £0.340m higher than the amount included in the budget. In setting the budget £0.243m was set aside as a contingency for in-year cost pressures. Furthermore, the amount set aside for the LACSEG deduction for Ranelagh academy was over stated by £0.041m, and as set out above in note ii, there was a deduction of £0.013m for Ranelagh's share of the post 16 teachers' pay grant. The remaining £0.069m variance is accounted for by differences between DfE census numbers and BFC calculated equivalents.

Annex A sets out the full Schools Budget at a summary level, with the above notes referencing to the appropriate lines with budget variances.

Unrestricted

Balances and reserves

- 5.7 As part of the financial planning process, the Council considers the establishment and maintenance of reserves and balances. Earmarked Reserves are sums of money which have been set aside for specific purposes and a number of Schools Budget reserves have been created, following requests from the Schools Forum. Each year these reserves can have funds added or deducted depending on financial performance and the purposes for which they were created.

Table 1 below provides a summary of movements last year and current balances on the earmarked reserves.

Table 1: Earmarked reserves related to the Schools Budget

Reserve	Balance B/Forward 1-Apr-2012 £ 000	Movement in year £ 000	Balance 31-Mar-2013 £ 000
<u>School Balances:</u>			
Primary	-2,652	-44	-2,696
Secondary	-1,651	-45	-1,697
Special	-227	148	-79
	-4,531	60	-4,471
<u>Earmarked Reserves</u>			
Family Tree Nursery Reserve	-90	0	-90
College Hall PRU	-96	-6	-102
SEN Resource Units Reserve	-491	2	-490
Turnaround Project Reserve	-88	88	0
Schools Job Evaluation Reserve	-285	0	-285
	-1,050	83	-967
<u>Unused Schools Budget Balance</u>			
Planned withdrawal	-398	230	-168
	-398	230	-168
Memo item – net transfers for the year		374	
Net under spending for year transferred to Unused Schools Budget Balance		-349	-349
	-5,980	25	-5,955
<u>Proposed New Reserve</u>			
School Meals Catering Re-tender Reserve		40	40
Transfer from Unallocated Schools Budget		-40	-40

- 5.8 The movement in year column from Table 1 reconciles to the net variance for the year at Annex A at £0.025m, with the £0.374m net transfer from reserves identified as a memorandum item.

Unrestricted

- 5.9 Table 1 above shows that the accumulated unused balance on the Schools Budget totals £0.517m (£0.168m was expected after planned in-year use of £0.230m, plus £0.349m transferred in as the net under spend for the year). This funding can only be used to support expenditure in the Schools Budget. Therefore, £0.517m of uncommitted funds are available to the Schools Budget in 2013-14.
- 5.10 It can also be seen that all of the remaining £0.088m set aside to finance the Turnaround Project has now been fully spent. Members of the Forum will recall that this project was for a new provision for pupils at risk of exclusion who would receive specialist support away from the school but still be on the school roll. Four sessions were run with a total of 29 pupils attending. An externally commissioned review concluded that Turnaround was a good programme with obvious benefits to young people, their families and schools. The three elements of the programme: preparation, course and follow-up are coherent, well delivered and positively supported by schools. However, issues relating to funding, pupil numbers, staffing and accommodation required further consideration. Offering a turnaround experience on a less regular basis using the lessons learnt from this pilot is being considered but this will be dependent upon resources being identified from school budgets.
- 5.11 Table 1 also sets out a proposal to set up a new earmarked reserve to finance any future mobilisation costs on the school meals catering contract, should there be a change of supplier. In order to provide financial assistance to the provider to mobilise delivery of the contract in advance of the commencement date, it may be appropriate for funds to be made available to a provider to assist cash flow that are then repaid at the expiry of the contract. The Forum is recommended to request to the council's Executive that a new reserve of £0.040m to be funded from the £0.517m currently held in the Unallocated Schools Budget Balance be created for this purpose. The Unallocated Schools Budget Balance would therefore reduce to £0.477m.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Borough Treasurer

- 6.2 The financial implications arising from this report are set out in the supporting information. The budget variances were reviewed during the year and where appropriate, have been built into the 2013-14 budget.

Equalities Impact Assessment

- 6.3 There are no specific impacts arising from this report.

Strategic Risk Management Issues

- 6.4 There are no specific strategic risk management issues arising from this report.

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

2012-13 provisional final accounts

Contact for further information

David Watkins, Chief Officer: SR&EI

(01344 354061)

David.Watkins@bracknell-forest.gov.uk

Paul Clark, Head of Departmental Finance

(01344 354054)

<mailto:paul.clark@bracknell-forest.gov.uk>

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2012-13 PROVISIONAL OUTTURN STATEMENT FOR THE SCHOOLS BUDGET

	Approved Budget			Outturn	Outturn Variance			Transfer	Final	Note
	Spend	Income	Net	Net Spend	Under spending	Over spending	Net variance	to(-) / from(+) reserves	variance	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
<u>Delegated and devolved funding</u>										
Delegated School Budgets	64,717	0	64,717	64,777	-613	673	60	60	0	i
Other School Grants	-4,322	0	-4,322	-4,335	-13	0	-13	0	-13	ii
	60,395	0	60,395	60,442	-626	673	47	60	-13	
<u>LEA managed items</u>										
SEN provisions and support services	7,026	-995	6,031	6,569	-164	702	538	2	536	iii
Education out of school	1,135	-4	1,131	1,213	-7	89	82	82	0	
Pupil behaviour	534	-7	527	460	-67	0	-67	0	-67	iv
School staff absence and other items	1,029	-20	1,009	874	-255	120	-135	0	-135	v
Combined Service Budgets	691	0	691	641	-55	5	-50	0	-50	vi
Early Years provisions and support services	3,020	-18	3,002	2,980	-87	65	-22	0	-22	vii
Support to schools in financial difficulty	259	0	259	1	-258	0	-258	0	-258	viii
	13,694	-1,044	12,650	12,738	-893	981	88	84	4	
Dedicated Schools Grant	0	-72,815	-72,815	-73,155	-340	0	-340	0	-340	ix
Use of Unallocated Schools Budget Reserve	0	-230	-230	0	0	230	230	230	0	a
TOTAL - Schools Budget	74,089	-74,089	0	25	-1,859	1,884	25	374	-349	b
Transfers to / from Unallocated Schools Budget Reserve								230	-349	a b
Net Transfer to Unallocated Schools Budget Reserve								-119		a +b

See paragraph 5.6 for an explanation to the notes to variances.

Earmarked reserves relating to the Schools Budget

Reserve	Purpose	Policy	Value
School Balances	These funds are used to support future expenditure within the Schools Budget relating to individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LA has no practical control over the level of balances.	March 10 £1.617m March 11 £2.776m March 12 £4.531m March 13 £4.471m
Family Tree Nursery	A reserve was created following the agreement to set up a self funding Nursery. It holds fee income from ongoing trading.	Although the Nursery has now been closed there may still be some one-off costs to be met in 2013/14, including the potential requirement to repay DfE start-up grant. The on-going need for this reserve will be considered during the 2013/14 accounts closedown process.	March 10 £0.110m March 11 £0.110m March 12 £0.090m March 13 £0.090m
Discretionary Schools Budget Carry Forwards	The statutory requirement to carry forward school balances has been extended to cover those held at College Hall Pupil Referral Unit. 2012 School Funding Regulations require carry forwards at Pupil Referral Units to be ring-fenced for use only by Pupil Referral Units.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LA has no practical control over the level of balances.	March 10 £0.198m March 11 £0.133m March 12 £0.096m March 13 £0.102m
SEN Resource Units	To set aside in a reserve for building adaptations to allow for the creation of SEN resource units on school sites.	To finance capital expenditure to assist with the development of local, cost effective provisions to support pupils with SEN.	March 12 £0.491m March 13 £0.490m

Unrestricted

Reserve	Purpose	Policy	Value
Turnaround Project	For time limited funding for the Turnaround project for a new provision for pupils at risk of exclusion who would receive specialist support away from the school but still be on the school roll.	To consider the effectiveness of a new approach to maintaining children in schools that are at risk of exclusion. The funds were fully spent during 2012-13. See paragraph 5.10.	March 12 £0.088m March 13 nil
Job Evaluation	To set aside an earmarked reserve for the Job Evaluation exercise	To help finance costs arising from the implementation of the Job Evaluation Review.	March 12 £0.285m March 13 £0.285m
Unallocated Schools Budget Balance	The Schools Budget is a ring fenced account, fully funded by external grants, the most significant of which is the Dedicated Schools Grant. Any under or overspending remaining at the end of the financial year must be carried forward to the next year's Schools Budget.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose than a future years' Schools Budget.	March 10 £0.139m March 11 £0.595m March 12 £0.398m March 13 £0.517m

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TO: SCHOOLS FORUM
20 JUNE 2013

**DEPARTMENT FOR EDUCATION (DfE) SCHOOL FUNDING REFORM:
ARRANGEMENTS FOR 2014-15
Director of Children, Young People and Learning**

1 INTRODUCTION

- 1.1 In 2012, the DfE started a process to reform school funding so that it is “fairer, more consistent and transparent and so that funding intended for education reaches schools and the pupils that need it most”. From April 2013, following consultation with schools and agreement of the Forum, significant changes were introduced to the formula used to distribute funds to schools in Bracknell Forest (BF).
- 1.2 A report was presented to the Forum in March confirming that the DfE were undertaking an assessment of the impact of the changes, specifically to identify any unintended outcomes and to also identify any other changes that may be required to assist in the longer term goal of introducing a national funding formula.
- 1.3 The outcome from this review is that most of the arrangements put in place from April 2013 have delivered what was intended and will remain in place, with a small number of changes being introduced, from April 2014.
- 1.4 This paper sets out the changes, some of which are optional, and where relevant, provides an initial impact for BF. It also confirms that the Council believes that a review of the BF Funding Formula is not necessary.

2 SUPPORTING INFORMATION

Funding Mainstream Schools from April 2014

- 2.1 The main thrust of the DfE funding review has been to assess the impact arising from the changes to LA Funding Formulas. There are now a very limited number of allowable factors – 13, of which 8 could and are used in BF - with a further requirement to only use indicators and pupil data provided by the DfE. The review outcome on each factor follows below.

Pupil-led funding

- 2.2 One of the prime objectives of the DfE from the funding reforms is to ensure that a high proportion of funding is allocated to schools through pupil-led factors. This approach is designed to encourage popular and good schools to readily admit more pupils in the knowledge that significant funds will follow.
- 2.3 To support this objective, from April 2014, the DfE will require all LAs to allocate a minimum of 80% of delegated schools block funding through the relevant pupil-led factors – age weighted pupil unit, deprivation, prior attainment, looked after children and English as an additional language. In 2013-14 only 2 LAs did not meet this level of delegation, with the BF rate being 88.3%.

- 2.4 Furthermore, there will be a minimum cash value set for age weighted pupil funding, with the minimum primary rate set at £2,000 and the minimum secondary rate for both KS3 and KS4 set at £3,000. Whilst all LAs were above these levels in 2013-14, with the BF rates £2,849 and £4,080 respectively, the minimum rates may be increased in future years.

Prior attainment

- 2.5 DfE encourage the use of this factor to target funding to schools for pupils with low cost, high incidence special educational needs (SEN) below the £6,000 high needs threshold. This has become a more significant factor now that additional funds must be included in general school budgets to support SEN pupils, rather than making funding allocations to schools on the basis of named pupils.
- 2.6 Changes to the Early Years Foundation Stage Profile mean that different aged pupils will have a different methodology of funding next year. Those taking the old profile – Years 2 to 5 - will continue to be funded where scores are below 78 or 73, which for BF the agreed threshold is 78. For those taking the new Profile from September 2012 – Year 1 pupils - funding will be allocated to pupils who did not achieve the expected level of development in all 12 prime areas of learning as well as maths and literacy.
- 2.7 For secondary aged pupils, funding is currently targeted to pupils that fail to achieve a level 4 or higher in English and maths which amounts to around 10% of relevant pupils. As only 20% of pupils who achieved a level 4 in English or maths went on to achieve the 5 (A*-C) GCSEs including English and maths, from next year, the measure will be changed so that pupils will be identified as having low prior attainment if they fail to achieve a level 4 or higher in English or a level 4 or higher in maths. This change is expected to identify around 21% of pupils. Increasing the cohort will result in lower per pupil funding, unless a decision is taken to allocate a higher proportion of funding through this factor.
- 2.8 In 2012 the KS2 assessment measure was changed. Those pupils taking the old assessments will be identified from the published data. For pupils at KS2 from 2013 onwards, the English element of the KS2 measure will identify those who did not achieve a level 4 in either the reading or teacher assessed writing elements. Grammar, punctuation and spelling test results are excluded “for now”.

Deprivation

- 2.9 All LAs are required to include a deprivation factor in their funding formula which should be used in addition to funding from the Pupil Premium to target resources to pupils from deprived backgrounds who tend to achieve less well than those from less deprived backgrounds.
- 2.10 Whilst a number of issues were raised from the review, including not being able to use all available deprivation measures, the limited bands allowed if the Income Deprivation Affecting Children Index is used does not fit the deprivation profile of all LAs and that there was funding turbulence in moving from large historic deprivation related grant allocations to distributions through the new allowable measures, there will be no changes for April 2014. As this is a key factor for the DfE, “we are continuing to ask that Schools Forums and LAs determine locally an appropriate proportion or quantum of their schools block funding to allocate through this factor”. BF allocates 3.5% of funding through deprivation measures, which is proportionally in the lowest 15% of LAs. BF has been assessed as being in the 10% least deprived LAs.

Looked After Children (LAC)

- 2.11 The DfE will be limiting the methods available to resource schools for LAC so that from April 2014, a single indicator only will be permissible, covering all pupils who have been looked after for one day or more on 31 March 2013. Previously children looked after for at least 6 months or 12 months could also be used. Evidence shows that children who have been looked after for one day are equally likely to under-perform at KS4 as those who have been looked after for 12 months or more. The BF formula currently funds for pupils on this basis so there is no change.

Pupil mobility

- 2.12 DfE will be changing the method to resource schools for pupil mobility so that from April 2014, rather than paying a per pupil amount for all in-year admissions by schools, a 10% threshold will be applied to the mobility factor so that it will only support schools which experience a significant change in pupil numbers, with funding allocated only to the number of pupils above the 10% threshold and not all in-year admissions. This change is being made because the existing method is considered to spread funding thinly across a large number of schools and does not target funding to those schools which most need additional support. For BF, it was agreed that only primary schools would have a mobility factor, with £0.016m allocated in 2013-14 to all 31 primary schools. Applying the 10% threshold would have resulted in only 6 schools receiving an allocation. Using October 2012 census data, no secondary schools qualify for mobility funding based on the new 10% threshold.

Sparsity

- 2.13 DfE has indicated that one of the most common concerns raised from the funding reforms is the impact in rural areas and particularly the viability of small schools. To address this issue, an optional sparsity factor will be available to LAs from April 2014 of which the minimum criteria will be:
- For primary schools, fewer than 150 pupils and an average distance (as the crow flies) greater than or equal to 2 miles
 - For secondary. Middle or all through schools, fewer than 600 pupils and an average distance (as the crow flies) greater than or equal to 3 miles
- 2.14 For the first year of operation, LAs may reduce the pupil numbers and distance criteria but not increase them.
- 2.15 Based on October 2012 data, no schools in BF would qualify for this factor as the smallest primary school had 163 pupils, and the smallest secondary 718.

Lump sum funding

- 2.16 In 2013-14, LAs were permitted to provide a uniform lump sum to all schools up to a maximum of £200,000 with the amount in BF set at £150,000 for both primary and secondary schools. This was the maximum affordable in the primary phase, although a much larger value would have been possible for secondary schools. The view of the DfE is that the main purpose of the lump sum is to provide sufficient funding to necessarily small schools which could not operate on the basis of per-pupil funding alone which is considered the most important factor.

- 2.17 For April 2014, the maximum allowable lump sum will be reduced to £175,000 which is the average amount allocated in 2013-14. The reduction from £200,000 supports the DfE objective of more money being distributed through pupil-led factors. Differential lump sum payments between primary and secondary schools will also be permitted now, which is something that will need to be considered in BF.

Schools with falling rolls

- 2.18 In fulfilling school places planning, LAs may find that some schools are no longer required in the short term, but over the medium to long term, places are expected to increase, so it may make sense that some schools remain open, but under the high pupil-led funding approach may not be financially viable.
- 2.19 The DfE want to ensure that good schools with short term falling rolls receive sufficient funding and avoid the need to make costly steps to reduce capacity which is expected to be needed in the near future. Therefore, from April 2014, with the consent of Schools Forums, LAs can create funds to support schools with falling rolls. Relevant criteria would need to be agreed by the Schools Forum, with a DfE requirement that restricts the fund to schools that are considered by Ofsted to be good or outstanding. This is intended to prevent the fund from being used to support unpopular or low quality schools.
- 2.20 The need for such a fund in BF would be considered each year with the Forum asked to make a decision as part of the annual budget setting process, if required.

For information, Annex 1 shows the funding factors used in BF in 2013-14.

Schools Forums

- 2.21 The DfE requires Forums to operate transparently and fairly, which has always been the model adopted in BF and is recognised to be the case in the vast majority of LAs. One area of change that will be required is that Forums must include one elected representative from an institution (other than from a school or academy) providing education beyond 16 (but may also be providing education for 14-16 year olds). This will replace the current requirement for a representative from the 14-19 partnership which is currently met in BF through secondary head teacher representatives.
- 2.22 This change has been made to allow institutions providing education for students between 14 and 25 (such as further education colleges) that have an interest in local high needs funding and funding for pupils who are educated in further education provision from age 14 to have an input to the decision making process.

High Needs Funding

Mainstream schools

- 2.23 The new arrangements, with LAs “strongly recommended” to set a threshold of £6,000 before schools could request additional financial support for pupils with SEN has resulted in additional funds being added into the general budgets of schools in many areas, with £1.031m being moved in BF via per pupil, prior attainment and deprivation measures. This change is probably the primary concern for schools in BF due to now having to manage up to a further £4,180 of pupil support needs from funds that are now allocated through a formulaic approach rather than targeted to named pupils. This introduces greater uncertainty in budget planning. For 2014-15, LAs will be required to adopt this threshold which will require a minor adjustment in

BF where the threshold has been set at £6,080. This slightly higher rate was adopted in order to match to the closest unit of resource in the SEN funding model (Needs Weighted Pupil Unit or NWPUP).

- 2.24 The DfE considered adding an additional factor to the allowable list to reflect the incidence of high needs in a school but have determined that more time is needed to consider how such a factor would work. This approach would only reflect the incidence of pupils with support needs above the £6,000 and would not recognise schools with a high incidence of pupils with SEN up to £6,000. The DfE will continue to allow funds from the High Needs Block to be used to support schools with significant numbers of high needs pupils outside the Funding Formula. Where such an approach is adopted, the distribution criteria must be agreed in advance on the basis of experience in 2013-14 and be expressed as a formula that “minimises perverse incentives” i.e. does not encourage schools to take a course of action to gain additional funds. The Forum agreed not to create a fund in the High Needs Block to support mainstream schools, but it would be appropriate to review this for 2014-15 in the light of actual experience.

Specialist providers – Special Schools, SEN Resource Units and Pupil Referral Units (PRUs)

- 2.25 Members of the Forum will be aware that different funding arrangements are in place to support the specialist providers that support almost exclusively high needs pupils. Here a “place-plus” approach is adopted which in general funds providers for an agreed number of places at £10,000 per place (£8,000 for PRUs) which is guaranteed irrespective of actual numbers on roll, with top up funding paid on the basis of the assessed needs of individual pupils for the actual time they are on roll in a similar way to mainstream schools. The DfE has confirmed that there will be no change to the level of per place funding for 2014-15.
- 2.26 There are different arrangements for post 16 pupils which are determined through the national funding formula that is developed and maintained by the Education Funding Agency (EFA) and allocates different funds to individual establishments which is generally based on courses delivered, with the average allocation per place in 2013-14 at £11,164. To remove the pre/post 16 funding differential which adds a layer of complexity and uncertainty to the funding arrangements, DfE intend to introduce a uniform £10,000 per place funding rate in 2014-15. The saving arising from this change will be transferred into the High Needs Block of LAs Dedicated Schools Grant allocations to enable payment of enhanced top up funding, thereby ensuring relevant institutions do not suffer a financial loss.
- 2.27 In terms of the number of places to be funded by provider, it was originally stated that the numbers would be set for 2 years and then change subject to negotiation between the provider, LA and EFA. The latest guidance from the DfE has amended this approach with “place-led funding needing to reflect changes in distribution of places” which together with the intention to closely “align pre and post-16 funding systems” will result in changes, some of which may be significant. Overall, the changes will “need to ensure that, as far as possible, any place funding adjustments are cost neutral for authorities”.
- 2.28 The longer term plan is to fund LAs for places on an academic year basis which would be adjusted to reflect the number of places filled in each institution, as determined by the school census and individualised learner record (ILR) data for FE institutions collected in the autumn term of the previous financial year. This will result in lagged funding for LAs and mean that institutions with unfilled places will need to

plan for reductions in place-led funding the next year. As the required data for schools will not be available until 2014, the place led funding for the 2014-15 academic year will use the pre and post-16 place numbers confirmed for the purposes of the 2013-14 allocations. Whilst ILR data will be available for 2014-15, DfE has yet to make a decision as to whether this will be used and also whether transitional arrangements will need to be put into place.

- 2.29 This area of funding needs more information from the DfE before it can be fully understood. Furthermore, DfE appreciate that this is a complex and sensitive area and are therefore establishing an external group to advise on implementation. DfE has indicated that further information on the implementation process and timetable for this aspect of funding will be available from July 2013.

Timetable for 2014-15 school budgets

- 2.30 The DfE has published a draft timetable for the production of 2014-15 school budgets as set out below:

Date	Action
31 Oct 2013	LAs submit provisional Schools Budget pro forma to EFA, including expected factors to be used in the Funding Formula
27 Nov 2013	School census database closed
16 Dec 2013	EFA confirms DSG allocations for 2014-15
21 Jan 2014	LAs submit final data for Schools Budget pro forma
28 Feb 2014	LAs confirm budget for their maintained schools. EFA confirm academies budgets.

Note: this brings forward from the 15 March deadline for the issuing of 2013-14 budgets to 28 February 2014.

Next steps

- 2.31 This paper sets out the changes proposed by the DfE to school funding from April 2014 and where relevant, an initial assessment of action required and potential impact. As with the changes that were implemented at April 2013, it is likely that as work progresses and further advice and guidance is provided by the DfE, there may be a different outcome from that initially expected which may require a different course of action to be taken from that currently anticipated.
- 2.32 Should a consultation on the Funding Formula be required, views from schools on proposed changes need to be sought and would need to be received by 25 September, to go to the 17 October meeting of the Forum and then receive final agreement of the Executive Member. This will ensure that the Council has completed the appropriate decision making processes and is in a position to confirm to the DfE by the 31 October deadline the intended Funding Formula to be in operation for the next financial year.
- 2.33 In reviewing the changes required by the DfE, the Council does not believe that any changes to the Funding Formula need to be considered with the key issues for change relating to the units of resource to be used, which need to be determined by

31 January 2014, and can be considered during a consultation with schools during the autumn term.

3 EQUALITIES IMPACT ASSESSMENT

- 3.1 Not applicable at this stage. To be considered in the light of actual changes that may be implemented.

4 STRATEGIC RISK MANAGEMENT ISSUES

- 4.1 Not applicable at this stage. To be considered in the light of actual changes that may be implemented.

Background Papers

School Funding Reform: Findings from the Review of 2013-14: Arrangements for 2014-15 (45 pages)

<https://www.gov.uk/government/publications/school-funding-reform-findings-from-the-review-of-2013-to-2014-arrangements-and-changes-for-2014-to-2015>

2014-15 Revenue Funding Arrangements: Operational Guidance fro LAs (39 pages)

<https://www.gov.uk/government/publications/2014-to-2015-revenue-funding-arrangements-operational-information-for-local-authorities>

Contact for further information

David Watkins, Chief Officer: SR&EI (01344 354061)
david.watkins@bracknell-forest.gov.uk

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

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BF Funding Formula for 2013-14

Pupil Led Factors

	Reception Uplift		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding(%)	
	No	Amount (£) per pupil	Pupil Units					
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)				0				
	Primary (including reception)	£2,849.01	9,002.0		£25,646,791.38	£48,443,516.99	0.00%	
	Key Stage 3	£4,080.32	3,331.0		£13,591,532.67		0.00%	
	Key Stage 4	£4,080.32	2,256.0		£9,205,192.95		0.00%	
2) Deprivation	Description	Primary amount per pupil (£)	Secondary amount per pupil (£)	Number of eligible primary pupils	Number of eligible secondary pupils	Sub Total (£)	Total (£)	Proportion of funding(%)
	Primary FSM	£425.12		893.5	0.0	£379,827.43	£2,073,474.38	0.00%
	Secondary FSM		£1,156.72	0.0	415.8	£480,982.54	£0.00	
	IDACI Score 0.2 - 0.25	£344.34	£961.77	1,226.3	632.4	£1,030,465.08	£0.00	
	IDACI Score 0.25-0.3	£516.51	£1,442.66	130.2	70.1	£168,315.63	£0.00	
	IDACI Score 0.3- 0.4	£688.68	£1,923.54	5.0	5.0	£13,001.11	£0.00	
	IDACI Score 0.4-0.5	£860.85	£2,264.27	1.0	0.0	£882.59	£0.00	
	IDACI Score 0.5-0.6	£978.63	£2,692.97	0.0	0.0	£0.00	£0.00	
	IDACI Score 0.6-1	£1,141.74	£3,141.80	0.0	0.0	£0.00	£0.00	
		Amount (£) per pupil	Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding(%)	
3) Looked After Children (LAC)	LAC_X_Mar11	£211.86	45.9		£9,714.29	£9,714.29	0.00%	
4) Low cost, high incidence SEN	LowAtt_%_PRI_78	£533.91	1,743.9		£931,071.01	£2,088,156.54	0.00%	
	Secondary pupils not achieving (KS2 level 4 English and Maths)	£2,152.74	537.5		£1,157,085.53			
5) English as an Additional Language (EAL)	EAL_3_PRI	£272.60	625.8		£170,587.41	£198,937.52	0.00%	
	EAL_3_SEC	£272.60	104.0		£28,350.11			
6) Mobility	Primary pupils starting school outside of normal entry dates	£23.95	666.4		£15,957.76	£15,957.76	0.00%	
	Secondary pupils starting school outside of normal entry dates	£0.00	255.9		£0.00			

Other Factors

Factor	Description	Total (£)	Proportion of funding(%)
7) Lump Sum	A lump sum of £150,000 per school for 37 schools	£5,550,000.00	9.28%
8) Fringe Payments	N/A	£0.00	0.00%
9) Split Sites	N/A	£0.00	0.00%
10) Rates	Estimated actual cost.	£1,353,495.00	2.26%
11) PFI funding	N/A	£0.00	0.00%
12) Sixth Form	N/A	£0.00	0.00%
13) Exceptional circumstances (can only be used with prior agreement of EFA)			
Circumstance		Total (£)	Proportion of funding(%)
Exceptional Circumstance 1	The Authority was granted approval by the EFA 12 September 2012 for Joint Use of Sports facilities to be excepted. This affects 2 secondary schools: Edgbarrow and Sandhurst.	£85,048.47	0.14%
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)			£59,818,300.96
14) Minimum Funding Guarantee <input type="checkbox"/> MFG is set at -1.5%, gains may be capped above a specific ceiling and/or scaled			
MFG Funding Total (before capping or scaling) (£)			£356,741.65
Capping Factor (%)	1.00%	Scaling Factor (%)	59.59%
Explanation as to how capping and/or scaling has been applied:			
All schools retain the first 1% of any gain, with the remainder of the gain scaled by 59.58794% which is the rate required to fund the cost of MFG.			
If capped and/or scaling applied: Total deduction (£)			-£356,741.75
TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£)		£59,818,300.86	
% DISTRIBUTED THROUGH BASIC ENTITLEMENT		80.98%	
% Pupil Led Funding		88.32%	
RETAINED FOR GROWTH (£)		£392,050.00	
PRIMARY/SECONDARY RATIO		1:	1.32%

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