

NOTICE OF MEETING

Schools Forum

Thursday 16 January 2014, 4.30 pm

**Function Room, Fifth Floor, Easthampstead House, Town Square,
Bracknell**

To: The Schools Forum

Schools Members:

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Karen Davis, Primary Head Representative
Ed Essery, Primary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers 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
Anne Shillcock, Special Education Representative
David Stacey, Primary School Governor Representative
John Throssell, Primary School Governor (Vice-Chairman)
Kathy Winrow, Academy School Representative

Non-Schools Members

George Clement, Union Representative (Chairman)
Robin Sharples, Oxford Diocese (Church of England)
Kate Sillett, PVI Provider Representative
Vacant, 14-19 Partnership Representative
Vacant, Diocese Representative (Roman Catholic)

ALISON SANDERS

Director of Corporate Services

EMERGENCY EVACUATION INSTRUCTIONS

- 1 If you hear the alarm, leave the building immediately.
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Published: 7 January 2014

Schools Forum
Thursday 16 January 2014, 4.30 pm
Function Room, Fifth Floor, Easthampstead House, Town Square,
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 28 November 2013.

1 - 4

4. **Local Authority Budget Proposals for 2014/15**

The views of the Schools Forum are sought on the 2014/15 budget proposals.

5 - 30

5. **Local Authority Proposals for the 2014/15 Schools Block Element of the Schools Budget**

To receive an update on school funding and comments are sought from the Schools Forum on proposals from the Council for the 2014-15 Schools Block element of the Schools Budget.

31 - 60

6. **Dates of Future Meetings**

The next meetings of the Schools Forum are scheduled at 4.30pm in the Council Chamber at Easthampstead House for:

Thursday 13 March 2014

Thursday 24 April 2014



**SCHOOLS FORUM
28 NOVEMBER 2013
4.30 - 5.35 PM**

Present:

Schools Members

Sue Barber, Primary School Governor
Karen Davis, Primary Head Representative
Ed Essery, Primary School Governor
Brian Fries, Secondary School Governor
Richard Ireson, Academy School Representative
John McNab, Secondary School Governor
Tony Reading, Primary School Governor
Trudi Sammons, Primary School Representative
David Stacey, Primary School Governor Representative
John Throssell, Primary School Governor (Vice-Chairman)

Non-Schools Members:

George Clement, Union Representative (Chairman)
Kate Sillett, PVI Provider Representative

Observer:

Muriel Rant, Education Funding Agency

Apologies for absence were received from:

Liz Cole, Primary School Representative
Martin Gocke, Pupil Referral Unit Representative
Joanna Quinn, Primary School Representative
Paul Salter, Secondary School Representative
Robin Sharples, Oxford Diocese (Church of England)
Kathy Winrow, Academy School Representative

9. Welcome

The Chairman welcomed Karen Davis, a new Primary Headteacher representative from Whitegrove Primary School on the Schools Forum.

Muriel Rant of the Funding Reform Team at the Department for Education was welcomed to the meeting as an observer and gave a brief overview of her role. The Education Funding Agency (EFA) observer role on Schools Forums was a consequence of the October 2013 changes to the regulations in relation to Schools Forums.

The EFA was undertaking a programme of visits to attend Schools Forum meetings to see how they were working and at present the EFA had attended Schools Forum meetings in 120 out of 152 Local Authorities. The aim was to visit all Schools Forums by the end of March 2014 and spread good practice across the country.

The key messages presented by the EFA were:

- The EFA had finished the first tranche of changes to Education Funding through the simplification of the composition of the local funding formula for schools which had generally been welcomed by local authorities.
- The second phase of change would involve the introduction of a national fair funding formula to distribute funding to local authorities. A consultation on proposed changes was expected to be published in the near future.
- On 18 October 2013, the EFA published an updated 'Schools Forums: Operational and Good Practice Guide' to help spread best practice and clarify roles and responsibilities for the Schools Forum.
- There was also a short guide 'Schools Forum: A guide for schools and academies on its role and their responsibilities' which was published in July 2013 <https://www.gov.uk/government/publications/schools-forum-a-guide-for-schools-and-academies> .

10. **Substitute Members**

Richard Ireson was present as Academy School Representative at the meeting as a substitute for Kathy Winrow.

11. **Declarations of Interest**

There were no declarations of interest.

12. **Minutes and Matters Arising**

RESOLVED that the minutes of the meeting held on 12 September 2013 be approved and signed by the Chairman as a correct record.

13. **Provision of a Multi Professional Child Development and Assessment Service**

The Forum received a report to approve the outline of the tendering process and specification for the provision of a multi professional child development and assessment service.

The aim was for a strong assessment centre for 0-5 year olds, to identify difficulties at as early an age as possible, and to provide support for school education. The centre would offer a variety of services, including physiotherapy. There would be criteria for entrants to the centre, and the timescale for the procurement process was detailed at 5.11 of the report.

RESOLVED that the Schools Forum:

- i. **AGREED** the tendering process and specification for the provision of a multi professional child development and assessment service as set out in paragraphs 5.9 and 5.10.

14. **Surge Classrooms**

The Forum received an information report in response to the request from Schools Forum on 12 September 2013 for further information on the need for the Year 1 surge class at Harmans Water primary school and the associated timeline.

Bracknell Forest had experienced a four year period of rising school rolls across the Borough and the Council had a good track record of forecasting need and delivering places in accordance with the statutory duty to provide sufficient school places.

During the summer of 2013 there was a significant and unexpected increase in the number of in-year admissions of Year 1 pupils. These had risen from the normal 60-70 applications to 96 meaning that there were no spare places in North or South Bracknell.

Based on this identified need, Harmans Water Primary school was selected for a Year 1 surge class from January 2014 to meet the demand for school places arising from in year admissions.

15. Schools Forum: Operational and Good Practice Guide

The Forum considered a report on the latest version of the Department for Education's (DfE) Schools Forum: Operational and Good Practice Guidance. Agreement was sought to a small number of changes and also the identification by members of the Forum of any other changes that may be beneficial.

The DfE guide was designed to provide members of Schools Forums, local authority officers and elected members with advice and information on good practice in relation to the operation of Schools Forums.

The Forum's attention was drawn to the Executive Summary on pages 28 to 33 of the report. The guidance had been reviewed internally and changes would be made as required and improvements made where needed but the Forum was generally compliant with best practice.

RESOLVED that the Schools Forum:

- i. **AGREED** the changes proposed to the operational arrangements for the Schools Forum as set out in paragraph 5.5;

Members of the Forum would notify the lead officer of any other changes they wished to be made and 2.2. of the recommendations would be agreed at the next meeting of the Forum.

16. Educational and Children's Services Financial Benchmarking - 2013-14 Original Budget Data

The Forum received an annual information report that provided members of the Forum with financial benchmarking data in respect of the 2013-14 original budget that had been made available by the Department for Education (DfE). It could be used to help identify budget areas that might require review due to their relative high or low cost when compared to other Local Authorities (LAs) in England or our statistical neighbours.

The report highlighted the significant variances to the average of the statistical neighbours, most of which were consistent with the issues raised in previous years.

17. Outcomes from the Financial Consultation with Schools

The Forum considered a report summarising the results of the Financial Consultation exercise with governing bodies and other interested parties. It reported on schools' views regarding the questions raised and was intended to assist the Schools Forum in making recommendations in respect of the 2014-15 Schools Budget.

Preliminary decisions taken at this time would be used in the calculation of indicative 2014-15 budgets for schools. These were expected to be with schools by the end of term in order to assist in the early stages of financial planning.

All the recommendations for change represented the majority view of responses to the consultation which with a 78% response rate, provided the Forum with a high degree of confidence that the wishes of schools were being fully reflected in next year's budget.

In order to meet the requirements of the statutory funding regulations, final decisions on the 2014-15 Schools Budget would need to be taken at the next meeting of the Forum on 16 January 2014.

RESOLVED that the Schools Forum:

- i. **NOTED** the outcomes from the financial consultation with schools as summarised in Annex 1;
- ii. **NOTED** the additional comments made by schools, as set out in the confidential Annex;
- iii. **AGREED** the recommendations set out in the boxes in paragraphs 5.11 to 5.17 and 5.20 to 5.26 and that these would be incorporated into the calculations for 2014-15 indicative school budgets;
- iv. **AGREED** that the cost of those schools losing money, and receiving a funding top up through the Minimum Funding Guarantee, should be funded by on-going use of a cap on the increases being received by schools gaining through the changes (paragraph 5.28);
- v. **NOTED** that should an SEN specific contingency be established, it may need to be funded from Schools Block money rather than the High Needs Block allocation (paragraph 5.30);

Primary School representatives only:

- vi. **AGREED** the recommendations relating to de-delegation set out in the boxes in paragraphs 5.18 and 5.19 for primary schools and that these be incorporated into the calculations for 2014-15 indicative school budgets.

Secondary School representatives only:

- vii. **AGREED** the recommendations relating to de-delegation set out in the boxes in paragraphs 5.18 to 5.19 for secondary schools and that these be incorporated into the calculations for 2014-15 indicative school budgets.

18. **Dates of Future Meetings**

The Forum noted that the next meeting was scheduled for 16 January 2014 at 4.30pm in the Council Chamber at Easthampstead House. If there was no business to discuss meetings would be cancelled.

CHAIRMAN

TO: SCHOOLS FORUM
DATE 16 JANUARY 2014

LOCAL AUTHORITY BUDGET PROPOSALS FOR 2014/15
(Director of Children, Young People & Learning)

1 PURPOSE OF REPORT

- 1.1 Under the Council's constitution, the Executive is required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and any other interested parties or individuals for a period of at least six weeks. This report summarises the current position on the Council's budget preparations for 2014/15.
- 1.2 At the time the Executive agenda was published the Provisional Local Government Financial Settlement had not been announced and is not expected until early January 2014. Therefore, in the absence of the Provisional Settlement, the report is based on a number of assumptions regarding government funding.
- 1.3 All comments received on these budget proposals will be submitted to the Executive on 11 February along with details of the final Financial Settlement. This will allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, who will formally approve the 2014/15 budget and Council Tax on 26 February 2014.
- 1.4 Whilst setting out the key budget issues facing the Council next year, his report to the Schools Forum focuses on the impact expected on the Children, Young People and Learning Department.

2 RECOMMENDATIONS

- 2.1 **That the Schools Forum comments on the 2014/15 budget proposals of the Executive for the Children, Young People and Learning Department in respect of:**
 - i. **The revenue budget (Annexes B and C), and**
 - ii. **The capital programme (Annex D).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Executive seeks the views of the Schools Forum as an interested party on the 2014/15 budget proposals.

4 ALTERNATIVE OPTIONS CONSIDERED

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

5 SUPPORTING INFORMATION

Revenue Budget

Commitment budget 2014/15 – 2016/17

- 5.1 Initial preparations for the 2014/15 budget have focussed on the Council's Commitment Budget for 2014/15 – 2016/17. This brings together the Council's existing expenditure plans, taking account of approved commitments and the ongoing effects of service developments and efficiencies that were agreed when the 2013/14 budget was set.
- 5.2 The Commitment Budget was approved by the Executive in October and is summarised in Table 1. Table 1 shows that base expenditure (excluding schools) is planned to decrease by £1.288m to £83.951m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2014/15.

Table 1: Summary Commitment Budget 2014/15-2016/17

	Planned Expenditure		
	2014/15 £000	2015/16 £000	2016/17 £000
Base Budget	85,239	83,951	84,143
<i>Movements in Year:</i>			
Chief Executive / Corporate Services	112	56	-70
Children, Young People and Learning (excluding schools)	-160	-5	-30
Adult Social Care, Health and Housing	-327	-10	0
Environment, Culture & Communities	97	151	72
Non Departmental / Common	-1,010	0	775
<i>Total Movements</i>	-1,288	192	747
Adjusted Base	83,951	84,143	84,890

- 5.3 The most significant changes to the Commitment Budget include:
- The removal of one off items included in the 2013/14 budget, in particular the revenue contribution to the works at Time Square (-£1.100m), the Members' Initiative Fund (-£0.420m) and the additional investment in dementia and long term conditions resulting from increased demand for rehabilitation and social care support (-£0.183m).
 - The revenue impact of the 2013/14 capital programme, including IT maintenance and support costs (£0.071m) and the minimum revenue provision (£0.262m), representing the annual amount of the capital investment repaid from revenue.
 - An increase in the employer's contribution to the pension fund arising from the inclusion of non contractual overtime and additional hours for part time staff within pensionable pay (£0.180m) in accordance with the national scheme.

Provisional Local Government Finance Settlement 2014/15

National Perspective

- 5.4 Alongside the 2013/14 Local Government Financial Settlement announced in February 2013, the Government published a Provisional 2014/15 Settlement for local authorities. As must be expected, for such an early Provisional Settlement, this did not contain a great amount of detail but gave Councils an indication of the likely level of funding to be used for planning purposes.
- 5.5 Funding from central government is received through Revenue Support Grant (RSG) and Specific Grants. The provisional amount of RSG announced in February 2013 for 2014/15 showed a fall from £20.890m to £17.804m, representing a 14% reduction.
- 5.6 In July 2013 the Government published a consultation paper on potential changes to both the total amount of funding assumed in the Provisional Settlement and a number of technical changes to the allocation methodologies. The outcome of this exercise is expected to be known in January 2014 as the Government have indicated that the 2014/15 Provisional Settlement will not be published until early in the New Year. Further reductions may, therefore, result from the consultation proposals outlined by the Government in the summer.
- 5.7 The level of Specific Grants will be announced as part of the 2014/15 Provisional Settlement. The budget proposals in this report assume that these Grants will be in line with that received in 2013/14; however this too is likely to change in the Final Settlement when further detail is provided by the various government departments. Public Health is the most significant specific grant received by the Council. The Council has previously been notified of ring fenced grant allocations of £2.772m in 2013/14 and £3.049m in 2014/15. Announcements suggest that the ring fencing of public health grant will also continue into 2015/16, although no indication of the likely grant amount has been provided at this stage.
- 5.8 A third important stream of income for the Council is Business Rates, a proportion of which is retained locally following the introduction of the Business Rates Retention reforms in April 2013. The level of Business Rates change each year due to inflationary increases (set by central government) and local growth or decline as local businesses and economic conditions expand or contract.
- 5.9 The Government sets a baseline level of funding against which any growth or reduction is shared between local and central government. Taking into account the baseline funding level published in February 2013 and factoring in local circumstances, the budget projections assume income of £15.155m reflecting local growth of £0.068m. There is a risk associated with these projections due to the near-term impact of the Town Centre regeneration and changes in the local economic conditions; however officers monitor total yield, revaluations, changes-in-circumstances, appeals and refunds on a monthly basis.
- 5.10 Furthermore, a significant revision was made mid-year to the Council's Business Rates local list with the addition of a large business rate payer. However, given the uncertainties surrounding the permanent inclusion of this rate-payer and any related impact on the Council's grant determination it is considered prudent to await the outcome of the Financial Settlement before reflecting the financial impact of this potentially one off event.

- 5.11 Based on the number of additional properties that have been built and liable for Council Tax in the last 12 months to October, the budget proposals assume an additional New Home Bonus (NHB) grant of £0.500m. This excludes a share of the NHB Adjustment Grant (NHBAG) that is top-sliced from the local government overall funding total to ensure there is sufficient funding to meet all the NHB allocations. Any surplus is returned to local-authorities on a pro-rata basis. The actual figure will be announced as part of the Provisional Settlement, but the current model assumes that the level of NHBAG received in 2013/14 will be continued in 2014/15. Plans to further top slice the New Homes Bonus in order to provide funding to Local Enterprise Partnerships, in line with the Heseltine Review, will not come into effect until 2015/16.

Council Tax

- 5.12 Following the acceptance of Council Tax Freeze Grant and the resultant zero increase for the last three years, Council Tax at present levels will generate total income of £44.983m in 2014/15. The Local Council Tax Benefit Support Scheme is treated as a discount i.e. a reduction in the calculation of the Council Tax Base. The latest information on the take-up of Council Tax support indicates that it will be significantly less than that budgeted for in 2013/14. Based on the latest forecast, Council Tax income will increase by £0.593m as a result in 2014/15. In addition a further £0.364m will be generated from an increase in the Tax Base primarily arising from the occupation of new properties during 2014/15. Based on these provisional figures, Council Tax income is therefore expected to be £45.940m for 2014/15.
- 5.13 The Government has again prioritised keeping Council Tax increases to the minimum possible next year. To support this aim, the Department for Communities and Local Government has announced that it will give Councils who agree to freeze or reduce Council Tax in 2014/15 a grant equivalent to a 1% increase in Council Tax. This grant will be provided until at least 2015/16. Any support beyond that date will be announced as part of the 2016 Spending Round following the General Election.
- 5.14 The Executive intends to accept the Government's offer to work in partnership with local authorities to protect council tax payers with a council tax freeze, thereby passing on the benefit to the council tax payers for a fourth consecutive year. The working assumption, upon which the proposals in this report are based, therefore, is that there will be no increase in Council Tax and that the Council will receive additional grant from Central Government of £0.501m.
- 5.15 The Executive at its meeting in February will recommend to Council the level of Council Tax in light of the Final Settlement, the results of the consultation and the final budget proposals.

Budget Proposals for 2014/15

Service pressures and Developments

- 5.16 In the face of significant reductions in public expenditure in general and in grants to Local Government in particular the scope to invest in new service provision is self evidently severely restricted. Nevertheless, it is important to retain a clear focus to ensure that the Council continues to protect and, wherever possible, improve services and to invest in the Borough, focussing on protecting front line services and delivering the Council's Medium Term Objectives. In preparing the 2014/15 draft budget proposals each department has evaluated the potential pressures on its services and these are summarised below in Table 2:

Table 2: Service Pressures/Development

Department	£'000
Chief Executive / Corporate Services	134
Children, Young People and Learning (excluding schools)	790
Adult Social Care, Health and Housing	890
Environment, Culture & Communities	276
Total Pressures/Developments	2,090

- 5.17 Many of the pressures are simply unavoidable and respond only to changing demographic trends, particularly as they principally relate to increases in children and young people in care and increases in client numbers within Adult Social Care. They do, however, also support the Council's six overarching priorities and medium term objectives.
- 5.18 The Children Young People and Learning proposals include a substantial pressure to cover the care and accommodation costs of children currently being looked after where numbers have increased, together with externally commissioned legal services. This, along with having to deal with more complex cases and rising numbers of children on child protection plans has created a workload pressure that necessitates the appointment of an additional 6 workers. There is also a new duty on LAs to fund the cost of education to the age of 25 - university entry or other courses - for young people who have previously been supported by the local authority as a looked after child and who have no recourse to public funds to complete their education. The full proposals from CYPL are detailed in Annex B.
- 5.19 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure, details of which are set out below in the paragraphs that present the proposed capital programme.

Service Economies /Balancing the Budget

- 5.20 Members and officers have held regular meetings to determine options for savings and a list of potential draft budget savings has been developed. This list totals £3.920m and is summarised in Table 3, with Annex C setting out the full proposals from CYPL. As in previous years, these economies focus as far as possible on central and departmental support rather than on front-line services. However, since it became a Unitary Authority the Council has successfully delivered savings of around £58m in total. Against this background of continually bearing down on costs and driving to improve efficiency it is becoming increasingly difficult to find further savings in these areas, which would not compromise the Council's ability to function effectively. The economies have been analysed between those arising from efficiencies, support service reviews, changes in demand or additional income, and those with a potential service impact. The former are termed 'glide path savings' as they represent the Council's ongoing approach to the delivery of savings, implementing them as soon as practicable rather than awaiting the start of the financial year. As such, many represent the full year effect of economies that have already been implemented in 2013/14. Economies identified by Adult Social Care, Health and Housing resulting from the current take-up of the Local Council Tax Benefit Support Scheme have been incorporated into the Council Tax calculation in paragraph 5.12.

Table 3: Summary Service Economies

Department	Glide Path	Potential Service Impact	Total
	£'000	£'000	£'000
Chief Executive / Corporate Services	610	211	821
Children, Young People and Learning (excluding schools)	537	213	750
Adult Social Care, Health and Housing	851	40	891
Environment, Culture and Communities	1,066	392	1,458
Total Savings	3,064	856	3,920

Significant budget decisions

5.21 Consideration and approval of the budget is a major policy decision. However, the budget, by its nature, includes a range of proposals which in themselves represent significant policy decisions. Examples of these which are included in the overall budget package are the proposals on:

- fixed civil penalties;
- support for 13-19 year old pupils;
- Children and Adolescent Mental Health Services;
- and Early Years Childcare and Play.

5.22 As the budget report is a policy document and is subject to six weeks consultation, the identification of these issues within the budget report facilitates detailed consultation on a range of significant policy decisions.

Council Wide Issues

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

a) Capital Programme

The scale of the Council's Capital Programme for 2014/15 will impact upon the revenue budget and is itself subject to consultation. All new spending on services will need to be funded from new capital receipts, government grants, developer contributions or borrowing from internal resources. The proposed Council Funded Capital Programme of £8.428m and externally funded programme of £12.801m for 2014/15 is examined in detail later on this report. After allowing for projected receipts of approximately £5m in 2014/15 and carry forwards, but excluding the self-funding Invest to Save schemes, the additional revenue costs will be £0.020m in 2014/15 and £0.280m in 2015/16. These figures include on-going costs associated with the maintenance and support of IT capital purchases.

b) Interest and Investments

Until 2013, the economic recovery in the UK since 2008 had been the slowest recovery in recent history. However, growth rebounded in quarters 1 and 2 of 2013 to surpass all expectations. Growth prospects remain strong looking forward, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction.

A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth. The US, the main world economy, faces similar debt problems to the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth.

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications:

- Although Eurozone concerns have subsided in 2013, Eurozone sovereign debt difficulties have not gone away and there are major concerns as to how these will be managed over the next few years as levels of government debt, in some countries, continue to rise to levels that compound already existing concerns. Counterparty risks therefore remain elevated. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2014/15 and beyond.

Whilst the Bank Rate is not expected to change over the coming 12 months, there are a number of factors that will impact on the rate of return that can be expected to be earned by the Council. The Government's various "Help to Buy a Home" schemes are providing excess liquidity in the money markets, and combined with the continued Quantitative Easing policy of the Bank of England, short-to-medium term investment rates have fallen in the past 12 months to below the Bank Rate – with an average yield currently available to the Council of approximately 0.4%. Given the Council's approach to managing risk and keeping investments limited to a maximum of 6 months maturity with the exception of the part-nationalised UK Banks, the opportunity to achieve rates in excess of the Bank Rate is limited.

The 2014/15 budget is therefore based on an average rate of return of approximately 0.5% and reflects the lower cash balances as a result of the 2014/15 and proposed 2015/16 Capital Programme.

The net impact of these is a £0.050m pressure, being £0.020m related to the Capital Programme and a loss of income of £0.030m from the fall in the expected yield on investments from the 1% included in the 2013/14 Budget and other cash-flow movements.

There is a risk, however, that the Council's cash-flow will differ from past years as a result of the reforms to Business Rates Retention which has a dramatic impact on the cash-profile of the Council. As such any change in interest rates or cash balances will clearly have an impact on the overall

investment income generated by the Council with every 0.1% reduction in the average rate of return adding a £0.02m pressure to the General Fund.

The Council reviews the annual Treasury Management Strategy Statement under the requirement of the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”). The Local Government Act 2003 required the Council to “have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the capital investment plans are affordable, prudent and sustainable”. A Treasury Management Strategy and associated documents have been developed in line with the Code of Practice which the Governance and Audit Committee will be requested to review.

c) Provision for Inflation and Pay Awards

The Commitment Budget excludes the cost of inflation on both expenditure and income. In past years, the Council has restricted the provision for inflation on prices as a general economy measure, to help address the underlying budget gap, although pay awards have been fully funded. In the context of the Council’s overall financial position, it is again prudent to consider where the provision for inflation on prices can be limited as an economy measure, although some exceptions will be necessary to reflect actual increases that will not be containable without real service reductions or to meet contractual commitments. In particular it will again be important to have realistic discussions with key providers about what level of inflation is genuinely necessary on some contracts and placements.

At this stage the inflation provision is not finalised, although for planning purposes a sum of £1.900m (£1.889m 2013/14) has been added to the budget. This will be achieved by:

- A pay award of no more than 1%;
- Negotiating to minimise inflation on contracts;
- Increasing fees and charges by 2.2% unless this is inconsistent with the Council’s income policy.

The Council will need to consider in more detail where it is appropriate and necessary to provide for inflation over the coming weeks so that the actual inflation provision can be added to the final budget report in February 2014.

d) Fees and Charges

The Council has a long established policy for the review of fees and charges. This requires each Department to consider the level of charges against the following criteria:

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

Unrestricted

It is estimated that many prices, where the Council charges users a fee for services, will need to increase by around 2.2% to recover the costs of those services. However, where current economic conditions and the market rate indicate a different percentage, for example for leisure income, this has been applied. Certain other fees also attract a different percentage as they are determined by statute.

e) Corporate Contingency

The Council manages risks and uncertainties in the budget through the use of a general contingency added to the Council's budget. During the next year the Council will face significant risks on its budget particularly in relation to:

- demand led services;
- retention of Business Rates by councils;
- general economic uncertainty.

The level of risk and uncertainty, whilst still significant, has diminished compared to last year. Take up of Council Tax support has been significantly less than originally budgeted for in 2013/14 and in the first year of operation of local retention of Business Rates it is anticipated that the budget for additional Business Rate income will be achieved relatively comfortably. For planning purposes the general Contingency has been reduced by £1m to £1m in order to set a realistic and deliverable budget in 2014/15.

The Executive will need to make a judgement on the appropriate level of contingency at its February meeting, taking advice from the Borough Treasurer who will need to certify the robustness of the overall budget proposals in the context of the Council's remaining general and earmarked reserves. All the reserves will be reviewed to ensure that they are sufficient to manage the financial risks facing the Council in the coming years.

Spending on Schools

5.24 The Education funding framework is undergoing change to better reflect government policy which is seeking to:

- reform the school funding system so it is fairer, simpler, more consistent and transparent;
- ensure that good, popular schools find it easier to expand in response to demands from parents;
- ensure that funding intended for education reaches schools and pupils that need it most.

5.25 The funding arrangements are that the Schools Budget – both delegated school funding and centrally managed items such as Special Educational Needs placements made outside of the Borough – continues to be funded by the specific, ring-fenced Dedicated Schools Grant (DSG).

5.26 From April 2013, the DSG was split into three notional blocks – schools (which includes delegated school budgets and a small number of centrally managed services) and early years, both of which have their own per pupil funding rate, and the high needs block which is funded at the level of historic spend. Funding in each block was initially based on 2012/13 budgeted spend but has subsequently been

updated for changes in pupil numbers. The allocations are not ring-fenced to each block, so more or less can be planned to be spent within each element, but a ring-fence continues on the DSG as a whole so that it can only be spent on the functions defined within the School Funding Regulations.

- 5.27 With the new funding framework comes a new timetable for the production of budgets. The DfE requires councils to confirm the basis on which actual school budgets will be allocated, including per pupil and all other funding rates, by 21 January 2014 even though relevant information required to calculate budgets was not supplied until 18 December 2013. To meet this requirement, 2014/15 school budgets will have to be set on the basis of the estimated level of DSG plus any accumulated balances. The draft budget proposals therefore assume the Schools Budget is set at the estimated level of DSG and that any accumulated deficit or surplus is managed to a nil balance by the end of the funding period.
- 5.28 Decisions around the final balance of the budget between spending by schools and that on services managed by the Council is the responsibility of the Executive Member for Children, Young People and Learning, although the Schools Forum must be consulted, and in certain circumstances, agree to budget proposals.

Summary position on the Revenue Budget

- 5.29 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £82.503m as shown in Table 4.

Table 4: Summary of proposals:

	£'000
Commitment Budget	83,951
Budget Pressures	2,090
Budget Economies	-3,920
Capital Programme	20
Changes in Investment Income	30
Inflation Provision	1,900
Decrease in Contingency	-1,000
Growth in Business Rates income	-68
New Homes Bonus 2014/15	-500
Draft Budget Requirement 2014/15	82,503

- 5.30 Without the Provisional Finance Settlement assumptions have had to be made on the level of grant income. It has been assumed that the Council can anticipate income of up to -£79.400m. This arises from Revenue Support Grant and Business Rates baseline funding (-£32.959m excluding Council Tax Freeze Grant), additional Council Tax Freeze Grant (-£0.501m) and Council Tax (-£45.940m).
- 5.31 With the potential overall cost of the budget package being consulted on in the region of £82.503m, this leaves a potential gap of around £3.103m. Members can choose to adopt either or both of the following approaches in order to bridge the remaining gap:
- an appropriate contribution from the Council's revenue balances, bearing in mind the Medium Term Financial Strategy;

- identifying further expenditure reductions.

Balances

5.32 The Council has an estimated £8.6m available in General Reserves at 31 March 2014. Details are contained in Table 5.

Table 5: General Reserves as at 31 March 2013

	£m
General Fund	13.0
Planned use in 2013/14	(4.4)
Estimated Balance as at 31 March 2014	8.6

5.33 The Council has, in the past, planned on maintaining a minimum prudential balance of £4m. This assessment is based on the financial risks which face the Council and the Borough Treasurer considers these in the February report to the Executive at which a final decision on the use of balances can be taken, taking account of the financial position likely to face the Council over the next three to four years.

Capital Programme

Introduction

5.34 Each year the Council agrees a programme of capital schemes. In the past these schemes have been funded from three main sources:

- the Council’s accumulated capital receipts
- Government Grants
- other external contributions

5.35 The Local Government Act 2003 brought in radical changes to the financing of capital expenditure and from that date, the Government no longer issued borrowing approvals. Instead, under a new “prudential framework”, Councils can set their own borrowing limits based on the affordability of the debt.

5.36 The proposed capital programme for 2013/14 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions, some internal borrowing and £5.0m of capital receipts. The financing costs associated with the General Fund Capital Programme have been provided for in the Council’s revenue budget plans which are set out above.

New Schemes

5.37 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council’s Capital Programme for 2014/15 – 2016/17. Given that both capital and revenue resources are under pressure, each Department has evaluated and prioritised proposed schemes into the broad categories, set out in the Council’s Corporate Capital Strategy and in line with the Council’s Asset Management Plan. Having done this, only the very highest priority schemes and programmes are being recommended for inclusion in the Capital Programme.

Unavoidable & Committed schemes

- 5.38 This category covers schemes which must proceed to ensure that the Council is not left open to legal sanction and includes items relating to health and safety issues, new legislation etc. Committed schemes also include those that have been started as part of the 2013/14 Capital Programme. Also included within this category are those schemes that were previously funded from the General Fund Revenue Account, but which by their nature could be legitimately capitalised, thereby reducing pressure on the revenue budget. Schemes in this category form the first call on the available capital resources.
- 5.39 Within these categories, provision has been made to address the rolling programme of disabled access requirements to Council buildings (£0.1m). The works have been identified through independent access audits and have been prioritised to meet the needs of users of these buildings. Significant progress has been made in past years and a programme of works has been planned across a range of service areas.

Town Centre Highway Works

- 5.40 In order to facilitate transport movements around the Borough, including in the medium term the planned Town Centre redevelopment, it is necessary to continue to fund a number of highway schemes in particular works required on the Twin Bridges site. As such a funding need of £2.0m has been identified in the 2014/15 proposals with further commitments required in future years to ensure that the regenerated town centre functions as a “whole centre” and not just as an isolated shopping outlet. The detail of subsequent years programmes will be worked up in the coming months, but spending levels of around £2m per annum are likely to be required until the new Broadway area is open for trading, which at this stage is anticipated to be in 2016.
- 5.41 This additional expenditure, aimed at maximising the positive experience of visiting the regenerated town centre, should be more that repaid through increases in car parking revenue and a massively increased business rate base.

Maintenance (Improvements and capitalised repairs)

- 5.42 An assessment has been made of the condition of the Council's property assets to arrive at an estimate of the outstanding maintenance works required. An assessment is made of the state of each building element and its repair priority with a condition rating and repair urgency as follows:

Definition of Condition Categories:	
A:	Good – Performing as intended and operating efficiently.
B:	Satisfactory – Performing as intended but showing minor deterioration.
C:	Poor – Showing major defects and/or not operating as intended.
D:	Bad – Life expired and/or serious risk of imminent failure.
Priority:	
1	Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.
2	Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health & safety of the occupants and/or a minor breach of the legislation.
3	Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health & safety of the occupants and/or a minor breach of the legislation.
4	Long-term work required beyond a period of 5 years that will prevent deterioration of the fabric or services.

- 5.43 The figures below are based on the information held in the Construction and Maintenance Groups' property management system as of the 21st November 2013. They have been adjusted to exclude those works that are already budgeted for within existing 2013/14 schools and corporate planned maintenance programmes.

The priorities can be broken down as follows:

Table 6: Maintenance Backlog

		£	£
		(000)	(000)
Schools	Priority 1C & 1D	2,088	
	Priority 2C & 2D	4,007	
	Lower Priorities	10,261	16,356
Corporate Properties	Priority 1C & 1D	1,780	
	Priority 2C & 2D	5,273	
	Lower Priorities	7,754	14,807
Total			31,163

- 5.44 The overall maintenance liability has reduced from £40.1m in 2011/12 to £31.2m and reflects the investment that the Council has made in its property asset base and a number of disposals.

Schools

- 5.45 Historically the Schools Maintenance Programme has been funded from the Capital Maintenance grant allocation from the Department for Education. The allocations from the DfE are expected on or after the publication of the Provisional Settlement and will be used to tackle the highest priority items identified in the condition surveys indicated above.

Non-schools

- 5.46 From an analysis of the work required it is clear that some works, whilst urgent, cannot be legitimately capitalised and must be met from a revenue budget. An allowance of £200,000 is available in the 2014/15 Revenue Budget proposals to meet these liabilities. In line with the policy adopted last year the Asset Management Group has considered only those works that fall within categories 1C and 1D. Given the financial constraints on both the revenue and capital budgets an allocation of £1.5m is recommended to address the most pressing 1C & 1D priorities.
- 5.47 The implications of failing to maintain Council buildings and to address the backlog will be a significant issue for the Council over the coming years and efforts will be focussed on ensuring that the highest priority items are tackled first, that efficiencies are maximised in the procurement of works and that maintenance which will result in energy efficiencies are undertaken through the invest-to-save programme.

Rolling programmes

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

Other Desirable Schemes

- 5.49 In addition to the schemes identified in the above categories, each service has requested funding for other high priority schemes that meet the needs and objectives of their service and the Council's Medium Term Objectives. The net cost of schemes which attract partial external funding are included in the schemes put forward.

Invest To Save Schemes

- 5.50 These are schemes where the additional revenue income or savings arising from their implementation exceeds the internal borrowing costs. The Council's approach to Invest to Save schemes is included in its Capital Strategy and in accordance with the Capital Strategy it is proposed that a further £1m be included in the 2014/15 capital programme for potential Invest to Save schemes.

Summary

- 5.51 Scheme details relating to the CYPL Department are set out in Annex D, and these show externally funded expenditure only at £8.985m. This excludes funding for planned maintenance and Devolved Formula Capital allocations paid directly to schools which have yet to be confirmed by the DfE and totalled £2.158m in 2013/14 (£1.843m and £0.315m respectively). The overall proposed capital programme requires £8.428m of funding from the Council.

There are no significant schemes highlighted for CYPL Department in years subsequent to 2014/15, pending confirmation of associated DfE grants.

Externally Funded Schemes

- 5.52 A number of external funding sources are also available to fund schemes within the capital programme, amounting to £12.801m of investment in 2014/15. External support has been identified from two main sources:

Government Grants (Estimated to be £11.631m)

- 5.53 A number of capital schemes attract specific grants. It is proposed that all such schemes should be included in the capital programme at the level of external funding that is available.

A significant element of the grant-funded capital programme relates to the planned investment in Schools. The schools investment programme included in this report (and outlined in Annex D) reflects the latest position approved by the Executive in October 2013. In order to effectively deliver a schools investment programme the Government have announced two-year funding deals for schools capital investment. The report to the Executive on 15th October 2013 highlighted the levels of grant that had been initially allocated as a result of the bidding process and approved how these funds would be used. Additional Targeted Basic Needs Grant of £7.867m was initially awarded covering the period 2013/14 to 2014/15; however this has since been reviewed by DfE and reduced to £7.635m as the costs for one of the schemes is now classified as having elements of refurbishment rather than all new-build and as such attracts a lower grant allocation.

A second key constituent of capital grant funding relates to the Highway Maintenance and Integrated Transport Block. The Council's 2014/15 allocation was provisionally announced as part of a two-year settlement last year, and the Council expects this to be confirmed as part of the Provisional Local Government Settlement.

Section 106 (£1.170m)

- 5.54 Each year the Council enters into a number of agreements under Section 106 of the Town & Country Planning Act 1990 by which developers make a contribution towards the cost of providing facilities and infrastructure that may be required as a result of their development. Usually the monies are given for work in a particular area and/or for specific projects. The total money available at present, which is not financially committed to specific projects, is £5.1m, although conditions restricting its use will apply to almost all of this.

Officers have identified a number of schemes that could be funded from Section 106 funds in 2014/15, where funding becomes available. These are summarised below

Department	Schemes	Budget
		£000
CYPL	Schools	250
ECC	Parks & Open Spaces	320
ECC	Local Transport Plan	600
	Total	1,170

The level of new funding available through Section 106 will reduce significantly in the future following the introduction of the Community Infrastructure Levy (CIL). However the more flexible CIL funding should offset this reduction.

On-going revenue costs

- 5.55 A number of schemes have associated on-going revenue costs relating primarily to maintenance and support costs (particularly IT schemes). These costs tend to become payable in the year after implementation and as such will be included within the Council's Commitment Budget for 2015/16 and total £0.054m.

Funding options

- 5.56 There are a number of important issues concerning the long term funding of capital expenditure. Following the transfer of the housing stock in 2008, the Council's capital receipts are limited to miscellaneous asset sales and the contribution from the VAT Shelter Scheme and Right-to-Buy claw back agreed as part of the transfer. As noted earlier in this report, these receipts are estimated to be in the region of £5.0m.
- 5.57 The proposed capital programme for 2014/15 has been developed, therefore, on the assumption that it will be funded by a combination of £5.0m of capital receipts, Government grants, other external contributions and some internal borrowing. The financing costs associated with the Capital Programme have been provided for in the Council's revenue budget plans.
- 5.58 Should any additional capital receipts be generated in 2014/15 the interest earned on these will be used to mitigate the revenue cost of the capital programme.
- 5.59 For 2014/15 it is unlikely that the Council will need to resort to external borrowing as it will be able to utilise resources held internally. However the Capital Finance regulations require the General Fund to set aside an amount which would be broadly equivalent to the amount the Council would need to pay if it borrowed externally. If any amendments are made to the capital programme, the revenue consequences will need to be adjusted accordingly. Executive Members will therefore need to consider the impact of the capital programme as part of the final revenue budget decisions.
- 5.60 The reduction in available capital receipts has placed greater emphasis on the capital programme and its impact on the revenue budget. Following the introduction of the Prudential Borrowing regime local authorities are able to determine the level of their own capital expenditure with regard only to affordability on the revenue account. In practice this represents the amount of borrowing they can afford to finance, and will necessitate taking a medium-term view of revenue income streams and capital investment needs.
- 5.61 To achieve its aim of ensuring that capital investment plans are affordable, prudent and sustainable, the Local Government Act requires all local authorities to set and keep under review a series of prudential indicators included in the CIPFA Prudential Code for Capital Finance in Local Authorities. The Capital Programme recommended in this report can be sustained and is within the prudential guidelines. Full Council will need to agree the prudential indicators for 2014/15 to 2016/17 in February 2014, alongside its consideration of the specific budget proposals for 2014/15 and the Council's medium-term financial prospects.
- 5.62 Members will need to carefully balance the level of the Capital Programme in future years against other revenue budget pressures and a thorough review, including the prioritisation of those schemes planned for 2015/16 onwards, will need to be undertaken during next summer.

Update on Education Capital Grants

- 5.63 This report reflects the Executive's budget proposals that were published on 10 December. Subsequent to this, on 18 December, the DfE confirmed Education Capital Grant allocations for Universal Infant Free school meals for 2014/15 and Basic Needs funding for the three years 2014/17 (the 2014/15 allocation confirmed

as unchanged the provisional amount already included in the Council's base budget).

- 5.64 For the universal free school meals for infants, which becomes a requirement from September 2014, £150 million of capital funding has been allocated for 2014/15 which will be delivered through local authorities for maintained schools, based on relevant pupil numbers from the January 2013 school census, for which the Council will receive £0.282m for community schools, with a further £0.058m due for voluntary aided schools. Further details on this grant are awaited.
- 5.65 For the Basic Need grant, which is allocated to support the capital requirement for providing new pupil places by creating new or expanding existing schools, £1.1bn has been allocated for 2015/16 and £1.25bn for 2016/17. Funding has been largely allocated on the basis of the 2013 School Capacity Survey (SCAP). Using this information, Basic Need funding is allocated on the basis of a comparison of forecast pupil numbers with school capacity, with shortfalls in capacity attracting funding. The Council will receive £3.477m in 2015/16 and £3.651m in 2016/17 which compares to the £2.937m received in 2014/15.
- 5.66 At this stage it is assumed that the Executive will propose that the full grant amounts are allocated for the intended purpose and therefore will be fully spent on Education related items.. Work is underway to prioritise their use which will be considered by the Education Capital Programme Board and the Executive in due course.
- 5.67 In addition to the capital grants allocated to the Council, schools are expected to continue to receive direct capital funding through the Devolved Formula Capital scheme. The DfE has yet to confirm funding rates with each school receiving a lump sum allocation of £4,000 and per pupil funding of £11.25 for primary schools, £16.88 for secondaries, and £33.75 for special schools in 2013/14. The average sized primary school in the borough received around £7,000 this year, and the average sized secondary school around £22,000.

Conclusion

- 5.68 When the final settlement is known, the Executive can consider the prudent use of revenue balances and appropriate level of Council Tax to support expenditure in line with the overall medium term financial strategy along with further possible reductions to augment the "core package". In doing this, it will be important to manage the budget process effectively so that the inevitable important service pressures can be responded to whilst, as far as possible, front-line services are maintained with minimal disruption and without creating long term problems for the Council.
- 5.69 All comments from the Schools Forum and others on the revenue and capital budget proposals will then be submitted to the Executive on 11 February 2014. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 26 February 2014.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal provisions (including consultation) are addressed within the main body of the report. The authorisation for incurring capital expenditure by local authorities is contained in the legislation covering the service areas. Controls on

capital expenditure are contained in the Local Government Act 2003 and regulations made thereunder.

Borough Treasurer

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

Equalities Impact Assessment

- 6.3 The Council's final budget proposals will potentially impact on all areas of the community. A detailed consultation process is planned in order to provide individuals and groups with the opportunity to comment on the draft proposals. This will ensure that in making final recommendations, the Executive can be made aware of the views of a broad section of residents and service users. Where necessary, impact assessments on specific schemes within the capital programme will be undertaken before work commences.

Strategic Risk Management Issues

- 6.2 A sum of £1m is currently proposed to meet the costs of unpredictable or unforeseen items that would represent in year budget risks. The Executive will need to make a judgement on the level of Contingency at its meeting in February.
- 6.3 The Borough Treasurer, as the Council's Chief Finance Officer (Section 151 Officer), must formally certify that the budget is sound. This will involve identifying and assessing the key risk areas in the budget to ensure the robustness of estimates and ensuring that appropriate arrangements are in place to manage those risks, including maintaining an appropriate level of reserves and Contingency. This formalises work that is normally undertaken each year during the budget preparation stages and in monthly monitoring after the budget is agreed. The Borough Treasurer will report his findings in February, when the final budget package is recommended for approval.
- 6.4 The most significant risk facing the Council is the impact of the capital programme on the revenue budget. The scale of the Council's Capital Programme for 2014/15 will impact upon the revenue budget and will itself be subject to consultation over the coming weeks. All new spending on services will need to be funded from new capital receipts or borrowing from internal resources. This effect is compounded by future year's capital programmes. As revenue resources are limited it is clear that a capital programme of this magnitude is not sustainable in the medium term without significant revenue economies. The generation of capital receipts in future years may mitigate the impact on the revenue budget, but as the timing and scale of these receipts is uncertain their impact is unlikely to be significant.
- 6.5 There are also a range of risks that are common to all capital projects which include:
- Tender prices exceeding the budget
 - Planning issues and potential delays
 - Uncertainty of external funding
 - Building delays due to unavailability of materials or inclement weather
 - Availability of staff with appropriate skills to implement schemes
- 6.6 These can be managed through the use of appropriate professional officers and following best practice in project management techniques. The report also identifies

the risk associated with the shortfall in maintenance expenditure compared to that identified by the latest condition surveys. With only those highest priorities receiving funding in 2014/15, there will be a further build up in the maintenance backlog and a risk that the deterioration in Council assets will hamper the ability to deliver good services.

CONSULTATION

Principal Groups Consulted

- 7.1 The Overview & Scrutiny Commission will be consulted on the budget proposals and may also choose to direct specific issues to individual overview and scrutiny panels. Targeted consultation exercises will be undertaken with business rate payers, the Over 50's Forum, the Schools Forum, town and parish councils and voluntary organisations. Comments and views will be sought on both the overall budget package and on the detailed budget proposals. In addition, this report and all the supporting information are publicly available to any individual or group who wish to comment on any proposal included within it. To facilitate this, the full budget package will be placed on the Council's web site at www.bracknell-forest.gov.uk. There will also be a dedicated mailbox to collect comments.
- 7.2 The timetable for the approval of the 2014/15 Budget is as follows

Executive agree proposals as basis for consultation	10 December 2013
Consultation period	11 December 2013 - 21 January 2014
Executive considers representations made and recommends budget.	11 February 2014
Council considers Executive budget proposals	26 February 2014

Background Papers

None.

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Commitment Budget 2014/15 to 2016/17

Item	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
Children, Young People and Learning				
Approved Budget	14,942	15,065	14,905	14,900
<u>Suitability surveys</u> Suitability and access surveys are undertaken every three years to update the Asset Management Plan in order that up to date information is available to inform investment decisions on the capital programme.			20	-20
<u>Schools Music Festival</u> Biennial event which enables pupils from BF Primary schools to participate in a large scale production which links music, dance and art.		-10	10	-10
<u>Local foster home placements</u> The investment in staffing agreed in the 2012-13 base budget has, as expected, resulted in more children being placed in local foster homes instead of expensive independent foster homes. The savings reflect the current looked after children population which is volatile, and therefore subject to change, often at very short notice.		-150		
<u>Special Educational Needs Team</u> Removal of time limited funding to manage increased workloads.			-35	
<u>Virements</u> Net Inter Departmental Virements (1).	123			
Children, Young People and Learning Adjusted Budget	15,065	14,905	14,900	14,870

(1) These transfers net off to nil in the Council's budget, and most significant virements in CYPL relate to transferring £0.066m of funding to reflect CYPL usage of the Emergency Duty Team, and a budget addition of £0.033m to fund the increased contribution to finance the accumulated deficit on the Local Government Pension Scheme and a transfer of £0.022m from Corporate Services to cover the updated cost of services to schools.

Revenue budget: proposed PRESSURES for CYPL Department

Description	2014/15 £'000	2015/16 £'000	2016/17 £'000
<p>Looked After Children</p> <p>Based on the current costed schedule of known placements, a pressure has been identified to ensure the fulfilment of statutory duties for children and young people in care. This reflects an increase in the number of children being looked after and requiring care and support from 87 when the budget requirement for 2013/14 was established, to 92. Within this figure, there is a significant turnover in the looked after population, with varying placements costs depending on the age of child and type of placement needed. A small number of placements are at a very high cost.</p>	450		
<p>Children's Social Care</p> <p>The increase in number of cases and their complexity has placed work load pressure on social workers and others to meet statutory timescales and duties and maintain the safety of children and young people. In particular the number of child protection cases has increased by 37% between March 2012 and September 2013 (from 82 to 112). To manage the increased workload, it is proposed to fund the recruitment of 6 staff (£250,000) and the additional demands on court proceedings and associated commissioned legal costs (£50,000).</p>	300		
<p>Education grants to former looked after children without leave to remain in the UK</p> <p>Recent case law has confirmed a duty on local authorities to fund the cost of education to the age of 25 - university entry or other courses - for young people who have previously been supported by the local authority as a looked after child and who have no recourse to public funds to complete their education.</p>	40		
CHILDREN YOUNG PEOPLE AND LEARNING TOTAL	790	0	0

Revenue budget: proposed ECONOMIES for CYPL Department

Description Impact	2014/15 £'000	2015/16 £'000	2016/17 £'000
Glide Path Savings			
<p>Additional income</p> <p>A number of services are exceeding their income targets, or identifying new opportunities for income generation, either through improved trading, or additional external contributions, and where this is expected to continue, budgets will be increased accordingly. This relates to the School Improvement Team (£30,000) School Admissions (£20,000), Early Years (£14,000), Larchwood short break unit (£10,000) and aspects of Special Educational Needs and Targeted Services (£50,000).</p>	-124		
<p>Managing new efficiencies on contracts and general expenses</p> <p>Efficiencies have been achieved through negotiation of reduced costs for accommodation and support for looked after children. This covers rigorous and sustained work on initial negotiations, reviewing long term placements, securing bulk discounts and limiting annual inflation increases.</p>	-100		
<p>Revised service delivery</p> <p>As part of the on-going process to improve efficiency, a number of services have been reviewed or are in the process of being reviewed to consider alternative ways for their delivery. Where change is considered appropriate, this results in either a more efficient service, delivering the same for less, or a reduced or deleted range of services. It also makes permanent the deletion of associated posts that are currently being held vacant pending the reviews. It relates to the Education Psychology Service (£25,000), Family Support and Parenting Services (£100,000), support to Care Leavers (£22,000), Fostering and Adoption Recruitment (£18,000), the Family Information Service (£22,000), Early Years (payments to providers) (£4,000), Youth Justice (£16,000), Support to the Departmental Management Team (£30,000) and Commissioning and Policy, including school places planning and trading with schools (£50,000).</p>	-287		

Unrestricted

Description Impact	2014/15 £'000	2015/16 £'000	2016/17 £'000
<p>Reduced demand</p> <p>Budgets for some aspects of support are planned to be reduced to reflect current demand, with limited impact anticipated. This relates to setting up home grants for care leavers (£20,000) and bursaries to support up skilling of the childcare workforce (£6,000), where new government grants are now available.</p>	-26		
<p>Total Glide Path</p>	- 537	0	0
<p>Potential Service Impact Savings</p>			
<p>Support for 13-19 year old pupils</p> <p>The service includes information, advice and guidance to young people, and additional support to those not in education, employment or training (NEET). It is provided externally via a contract which will be re-configured to remove non-statutory services relating to job vacancies and bespoke support to young people (£28,000) and support for looked after children which can continue to be provided through existing funding within the Schools Budget (£22,000).</p>	-50		
<p>Pyramid for children</p> <p>This provides routine screening of the emotional health of Year 3 pupils of participating schools. It provides a time limited, out of school club offering short-term therapeutic interventions working with Year 3 pupils identified as having low self-esteem, little or no confidence and/or poor social skills. The programme has not been centrally supported in the current financial year and the budget is now proposed to be permanently deleted.</p>	-30		
<p>Early Years, Childcare & Play</p> <p>Support in three areas of Early Years is proposed to be reduced. The vacant part time post providing individualised training, support and advice to private providers on high quality provision will be deleted (£21,000). Funding for training and supporting volunteers that support vulnerable families in their homes will be reduced by 30% (£20,000), with start-up grants to promote development and extension of childcare providers deleted (£25,000).</p>	-66		

Unrestricted

Description Impact	2014/15 £'000	2015/16 £'000	2016/17 £'000
<p>Children and Adolescent Mental Health Service (CAMHS)</p> <p>The proposal is to stop commissioning a CAMHS Tier 2 post which undertakes direct work with children in care who are known to the Youth Offending Service. It also supports foster carers in dealing with challenging behaviours and provides specific training and advice for foster carers, social workers and Youth Offending Service staff. Referrals for support will in future be made direct to CAMHS, which is a Tier 3 service, with qualifying criteria.</p>	-55		
<p>Nepali Community Support Officer</p> <p>This is a joint funded post with Corporate Services that provides support to the Nepali community to help them to orientate themselves on arrival to this country, to integrate into the wider community and to access statutory and voluntary services including youth centres/activities, children's centres, schools, housing and benefits. Reducing the hours available to the post will lower the number of families that can be supported.</p>	-12		
Total Potential Service Impact	-213	0	0
CHILDREN YOUNG PEOPLE AND LEARNING TOTAL	-750	0	0

CYPL Proposed Capital Programme

	2014/15 £000	2015/16 £000	2016/17 £000
Committed			
<i>None</i>	0	0	0
	0	0	0
Unavoidable			
<i>None</i>	0	0	0
	0	0	0
Maintenance			
<i>To be funded from DfE Grant</i>	0	0	0
	0	0	0
Rolling Programme / Other Desirable			
<i>None</i>	0	0	0
	0	0	0
TOTAL REQUEST FOR COUNCIL FUNDING	0	0	0
External Funding			
Other			
Maintenance	tbc	tbc	tbc
Basic Need Grant (School Places)	2,937	tbc	tbc
Targeted Basic Need Grant (School Places)	5,458	tbc	tbc
S106 Contributions (Schemes less than £50k)	250	250	250
Cranbourne Classrooms - Capital Receipt Funded	320	0	0
School Kitchen Refurbishments	20	20	20
Schools Devolved Formula Capital	tbc	tbc	tbc
	8,985	270	270
TOTAL EXTERNAL FUNDING	8,985	270	270
TOTAL CAPITAL PROGRAMME	8,985	270	270

Capital Programme 2014/15 – Children, Young People and Learning

Basic Need Grant (School Places)	£2,937,000
Agreed by Executive 15 th October 2013	
Cranbourne Classrooms	£141,000
The Pines Expansion	£650,000
Garth Hill Expansion	£834,000
Olwsmoor Expansion	£1,053,000
Amen Corner Primary	£25,000
North Warfield West Primary School	£25,000
North Warfield East Primary School	£25,000
TRL Primary School	£25,000
Blue Mountain Learning Village	£159,000

Targeted Basic Needs Grant (School Places)	£5,458,000
Agreed by Executive 15 th October 2013	
Winkfield St Marys Surge Classroom	£200,000
SEN Facility Eastern Road	£1,077,000
Owlsmoor Expansion	£653,000
Garth Hill Expansion	£3,528,000

S106 Contributions (Under £50k)	£250,000
As S106 funds become available schemes will be worked up and prioritised by Education Capital Programme Board.	

Cranbourne Classrooms – Capital Receipt Funded	£320,000
The replacement of two old asbestos-roofed modular buildings housing the Nursery and reception classes, plus construction of a new surge classroom. This element of the funding reflects the expenditure funded from the receipt due from the disposal of the former schoolhouse.	

School Kitchen Refurbishments – Planned Maintenance Grant	£20,000
There are 30 school meal kitchens in Bracknell Forest schools which have intensive use and require periodic capital investment to keep them operating in line with statutory compliance issues such as gas safety and environmental health. Key items of the fabric, ventilation and heavy equipment are becoming obsolete or in need of urgent replacement.	

TO: SCHOOLS FORUM

DATE: 16 JANUARY 2014

**PROPOSALS FOR THE 2014-15 SCHOOLS BLOCK ELEMENT
OF THE SCHOOLS BUDGET
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present to the Schools Forum an update on school funding and to seek comments on proposals from the Council for the 2014-15 Schools Block element of the Schools Budget. Within the overall budget setting process, there are a number of areas that the Forum has responsibility for, and these are presented for a decision.
- 1.2 There is a very tight timetable to meet, with views of the Schools Forum on the proposals being sought in advance of the 21 January deadline for submitting to the Department for Education (DfE) the actual Funding Formula for Schools to be used in 2014-15 with associated units of resource.
- 1.3 Recommendations agreed from this report will form the basis of proposals to be presented to the Executive Member for Children, Young People and Learning, who has responsibility for agreeing most aspects of the Schools Budget.

2 RECOMMENDATIONS

Items for all Forum Members

- 2.1 **In its role of statutory decision maker, the Forum AGREES:**
 1. **that the arrangements in place for the administration of central government grants are appropriate (paragraph 5.38);**
 2. **that the initial budget amounts for School Block DSG funded services to be centrally managed by the council are as set out in Annex 1 (paragraph 5.41);**
 3. **the revised criteria to be used from the 2013-14 financial year to allocate funds in-year to schools experiencing unavoidable costs arising from Key Stage 1 class size regulations be amended to that set out in Annex 6 (paragraphs 5.42 and 5.43).**
- 2.2 **In its role as the representative body of schools and other providers of education and childcare, the Forum REQUESTS that the Executive Member AGREES the following decisions for the 2014-15 Schools Budget:**
 1. **that a new School Expansion Rates Reserve is created to finance future anticipated cost increases arising from the school expansion programme, and that it is initially funded through a £0.112m transfer from the Schools Budget General Reserve (paragraphs 5.25 and 5.26);**

2. that with effect from 1 April 2014, schools implement the £ equivalent of the Living Wage for non-teaching staff, and that £0.144m is drawn down from the Job Evaluation Reserve to fund estimated 2014-15 costs and allocated to schools through reference to pupil numbers and £0.023m for Kennel Lane Special School (paragraphs 5.19 – 5.22);
3. that the £0.180m of savings proposed on the Schools Block are agreed (paragraph 5.24);
4. the £1.496m of additional resources is allocated to the budget areas set out in Annex 3 (paragraph 5.29);
5. that in accordance with the budget strategy, the unallocated budget balance at Annex 3 of £0.404m be distributed to schools by reference to pupil numbers, deprivation and low prior attainment (paragraph 5.32);
6. that the DfE pro forma template of the BF Funding Formula for Schools as set out in Annex 7 be submitted (paragraph 5.6).

2.3 That the following matters are NOTED:

- 1 that after meeting the cost of unavoidable cost pressures, schools will receive around £0.156m of unallocated funds to target towards their priorities or other local pressures (paragraph 5.46);
- 2 that proposals in respect of the Early Years and High Needs Block elements of the Schools Block will be presented to the Forum in March when more information is available in respect of funding and likely costs (paragraph 5.53);
- 3 that information in respect of funding allocations made to schools experiencing significant in-year growth in pupil numbers will be presented to the Forum in March (paragraph 5.45).

Item for Primary School Representatives only

- 2.4 In its role as statutory decision maker, Primary School Representatives AGREE the de-delegation of primary related Behaviour Support Services (paragraph 5.40).**

Item for Secondary School Representatives only

- 2.5 In its role as statutory decision maker, Secondary School Representatives AGREE the de-delegation of secondary related Behaviour Support Services (paragraph 5.40).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the 2014-15 Schools Budget is set in accordance with the views of schools, the new funding framework and the anticipated level of resources.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 These have been considered during the earlier stages of the budget setting process. Where relevant, new options are set out in the supporting information.

5 SUPPORTING INFORMATION

Background

- 5.1 A number of reports have previously been presented to the Schools Forum relating to the 2014-15 budget. So far, these have concentrated on the Schools Block element of Dedicated Schools Grant (DSG) which in essence funds delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools. The Early Years Block that funds provisions and support for children up to 5, including those in maintained school nurseries, and the High Needs Block that supports pupils with additional needs above the DfE prescribed £10,000 threshold have yet to be considered in any detail.
- 5.2 This approach reflects the different timescales that relevant budget information becomes available, with Early Years Block DSG being partly set on January 2014 census, and the High Needs Block DSG not being confirmed until March 2014, whereas provisional Schools Block DSG funding is announced in late December 2013. Budget proposals for the Early Years and High Needs Block will therefore be presented to the Forum in March in order to reflect the most complete and up to date information.
- 5.3 Clearly this makes budget setting fragmented and more complex than it needs to be. However, to ensure an effective approach to financial planning, it is recommended that as far as possible, budget proposals are framed on the assumption that spend in each DSG Block will again align to funding allocated by the DfE. There may be reasons to deviate from this approach, but unless otherwise stated, this has been an underlying principle in developing the proposals contained in this report.
- 5.4 In terms of the budgets that can be managed centrally by LAs on behalf of schools, these are defined in the DfE Funding Regulations where Schedule 2 is divided into 4 parts as follows:
- Part 1 - Schools Block. Items where spending is limited to the amount agreed in the previous financial year
 - Part 2 - Schools Block. Items with no restrictions on annual increases.
 - Part 3 - Early Years Block. Items with no restrictions on annual increases.
 - Part 4 - High Needs Block. Items with no restrictions on annual increases.
- 5.5 For the overall quantum of funds available in the Schools Budget next year, the DfE confirmed most aspects on 18 December, which were very much in line with expectations and consistent with the principles applied in recent years. The key features being:
- There will be annual real terms growth of 0.1% in national funding for statutory aged pupils (as announced in the Spending Review 2010).
 - Funding allocated through the Pupil Premium to increase, which when taken into account with the assumed £1bn savings in back office functions and procurement, will absorb the 0.1% real terms growth.
 - Per pupil funding from the DfE through the DSG to remain at the same amount as that received in 2013-14 i.e. a cash standstill with no funding for inflation.

- Changes in pupil numbers to be reflected in the DSG allocation.
- The Minimum Funding Guarantee (MFG) at individual school level to remain unchanged at a maximum decrease in per pupil funding of 1.5%.

5.6 The DfE monitors progress of LAs against the funding framework and requires the completion and submission of a template that sets out the Funding Formula to be used and associated units of resource. The deadline for return has been set at 21 January 2014. Annex 7 shows the BF return, which has been completed on the assumption that all of the proposals set out below in this report are approved, which the Forum is recommended to agree is submitted.

Progress to date

5.7 The key decisions previously taken by the Forum relating to the Schools Block element of the Schools Budget include:

- There will be no changes to the factors used in the BF Funding Formula for Schools.
- Mandatory changes required by the DfE around revised criteria to be used to fund schools for low prior attainment and targeting high pupil mobility funding only to schools with turnover above 10% would be straightforward to implement with minimal impact expected for most schools.
- In accordance with school responses to the financial consultation, there would be no change in the proportion of funds allocated to primary schools through the factors of the Funding Formula for Schools, but for secondary schools, there would be a 15% increase in funding allocated by deprivation measures, and the fixed lump sum allocation would be rise by £20,000 to £170,000. The increased allocations to secondary schools will be cost neutral and financed through a corresponding reduction in per pupil funding.
- All services requested for de-delegation from school budgets for on-going central management by the Council were agreed.
- A decision on on-going de-delegation of the Behaviour Support Team and Anti-bullying Co-ordinator would be taken at this meeting after further consultation with schools, to determine whether this approach is supported.
- The Behaviour Support Services of Social and Emotional Aspects of Learning (SEAL) and Consistency, Management and Co-operative Discipline (CMCD) would be delegated for the first time at April 2014 with schools able to purchase SLA support to SEAL through the revised School Improvement buy-back service on a pay as you go basis, but with no buy-back option for CMCD.
- A decision on the creation of a new SEN specific contingency would be taken at this meeting, which if agreed would most likely need to be funded from "headroom" in the Schools Block and not from the High Needs Block which would be the normal funding route.
- In order to comply with the DfE Funding Regulations, there was a need to re-classify premature retirement/dismissal costs, financial support to new and expanding schools and exceptional, unforeseen costs in primary

schools from centrally managed to de-delegated budgets.

5.8 To reflect the on-going cash flat settlements, and with the DfE setting the overall level of funding for the Schools Budget, the Schools Forum has agreed to continue with a high level budget strategy in setting the 2014-15 budget. Rather than examining in detail potential cost pressures and developments, the following principles, in priority order, were agreed to be taken into account in the determination of budget changes, although there is no requirement to rigidly stick to this strategy:

- A. It has been included in the financial settlement from the DfE and it is consistent with local funding priorities;
- B. It relates to a new or amended statutory responsibility / DfE Regulation;
- C. There is sufficient income to fully fund changes in pupil characteristics, i.e. changes in pupil deprivation, low prior attainment, number of looked after children, English as an additional language and mobility;
- D. The pressure relates to a key local priority;
- E. Any remaining funds should be allocated using per pupil, high deprivation and low prior attainment, in the same proportion as the distribution of funds at the start of the financial year (around 93.4%/3.2%/3.4% in primary and 90.6%/4.8%/4.6% in secondary). If sufficient funding remains for this principle, schools would then be free to deploy the resources to their key priorities and any school specific pressures.

Furthermore, it has also previously been agreed that the per pupil funding rates in the BF Funding Formula for Schools should not exceed 98% of the per pupil funding rates in the Schools Block element of the DSG. This is designed to ensure that during periods of increasing pupil numbers, the consequential increase in DSG income is sufficient to fund the per pupil allocations in the BF Funding Formula as well as a small allowance for funding other, pupil related factors, such as deprivation and low prior attainment.

With the School Block DSG rate set at £4,187.21, this caps BF per pupil funding rates to no more than £4,103.46. The proposals in this report result in a secondary per pupil funding rate of £4,069.27 which is 97.2% of the DSG rate.

5.9 Whilst the financial consultation with schools sought views on potential budget developments, the new Funding Framework is not considered suitable for making budget decisions at this level of detail and that schools should make their own decisions on where to apply any additional funds. However, it is a worthwhile exercise to gather such information, with schools having identified the following items:

- Inflation, with specific mention for utilities
- Changes to teachers pay
- Building maintenance
- Support to high needs pupils
- Replacement of IT equipment
- Funding for FSM pupils

Unrestricted

- Increase in pupil numbers

- 5.10 To ensure schools have the best available information for their financial planning, at the end of December, 2014-15 indicative budget statements were sent to schools. This exercise was based on the initial budget decisions taken by the Schools Forum in November, together with provisional data from the October 2013 school census. The indicative budget statement is recognised by schools as a guide to potential funding in 2014-15 and not a guarantee.

Provisional estimate of Schools Block DSG income

- 5.11 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). It can only be spent on the purposes prescribed by the DfE and funds delegated school budgets and a range of centrally managed pupil and school related budgets. Any under or overspending in a year must also be ring fenced and applied to a future Schools Budget. LAs can add to this grant from their own resources, but are not allowed to plan to spend at a lower amount. The strategy of the Council is to plan for the Schools Budget to be funded to the level of external funding, with the Executive Member authorised to agree the budget allocation between schools and centrally managed budgets.
- 5.12 The DfE published verified October school census and other data that must be used to calculate 2014-15 school budgets on 18 December. As the Schools Block element of the DSG is mainly derived from a per pupil funding rate multiplied by pupil numbers, it is relatively straight forward to forecast DSG from pupil numbers. The October 2013 census at 14,956 (up 345 = 2.4%) and the current £4,187 DSG per pupil funding rate paid to BFC indicates initial total funding of £62.624m.
- 5.13 Two adjustments have been made by the DfE to the core DSG allocation. Firstly, £0.023m has been added to reflect changes to the induction regulations so that teaching schools can act as the 'appropriate body' for the induction of newly qualified teachers. Schools now pay for this element of induction from their preferred supplier, rather than it being made available without charge from the LA. This adjustment was also made in 2013-14 but has not been added by the DfE into core DSG funding. The second adjustment relates to removing funding for the cost of the Carbon Reduction Commitment (CRC) tax. With effect from April 2014, schools are outside the scope of CRC which will result in an expenditure reduction. DfE have calculated the saving at £0.094m and reduced DSG accordingly. The actual cost is £0.080m which results in a £0.014m net pressure.
- 5.14 Taking account of these data changes and adjustments, Schools Block DSG for 2014-15 is estimated at £62.553m, an increase of £1.352m compared to the £62.201m received in 2013-14.

Proposed use of accumulated balances and existing earmarked reserves

- 5.15 Available funding can be increased by applying unspent DSG from previous years, including an estimate for any potential impact from the likely 2013-14 outturn. The current year forecast outturn is for a net under spending of £0.097m. Accumulated reserves at 31 March 2013 stand at £0.477m, but there remain uncertainties around current year spend on SEN, which has significantly increased above the levels anticipated in September when the Forum received an initial 2013-14 budget monitoring report which indicated significant additional income. Subsequent to this, there have been in-year cost increases that put into question whether current

commitments are affordable in next year's High Needs Block allocation. As High Needs Block income is not due to be confirmed until the end of March 2014, and with the DfE indicating a "cash flat" settlement, it is not recommended at this stage to draw down any of this income to support general spend in 2014-15 as it may be required to finance unavoidable High Needs expenditure. A proposal to fund additional business rates costs from accumulated balances rather than new year income is set out below in paragraphs 5.25 and 5.26.

- 5.16 Furthermore, as part of the financial planning process, Earmarked Reserves have been created. These hold sums of money which have been set aside for specific purposes where the precise timing and cost is unknown, but a future pressure is expected to arise. Following agreement of the Schools Forum, an Earmarked Reserve of £0.285m was created in the Schools Budget to assist with the implementation of the Council's Job Evaluation exercise. This process has now reached the stage where a recommendation for change is being made of which the initial year 1 cost can be funded from the set aside Earmarked Reserve.
- 5.17 The Schools Forum has previously received information relating to the work being done for schools to develop a new job evaluation scheme coupled with a pay and grading structure for non-teaching staff. This involved a considerable amount of work including difficult negotiations with the two principal trades unions, Unison and the GMB.
- 5.18 The Council's Executive, at its meeting on 28 November received a detailed report which looked at how the risks had changed since the work measurement exercise began 4 years ago. Issues were looked at around affordability, changing trades union attitudes toward litigation, the demise of the "no win/no fee" lawyers operating in the field, the risk of organisation turbulence resulting from large scale salary fluctuations and the lack of any progress on a national pay structure for non-teaching staff.
- 5.19 Taking the changing landscape into account, the recommendation for schools now is to adopt the £ equivalent of the Living Wage from April 2014, rather than implementation of the original outcomes from the Job Evaluation exercise. The Living Wage is regarded as the minimum income necessary for a worker to meet basic needs. It is a benchmark figure, currently set at £7.65 per hour outside the capital. Currently BGK is the lowest grade on the Council's structure, the top of which is spinal column point 10 (£7.55/hour); the next grade is BGJ, the bottom of which is spinal column point 11 (£8.00/hour). Officers of the Council are currently exploring options to determine the best practical approach to incorporate the £ equivalent Living Wage into the BFC grading structure whilst future-proofing the concept to avoid any firm on-going contractual commitment to this external benchmark index.
- 5.20 There is a significantly lower financial impact on schools from this approach with additional costs for mainstream schools estimated at £0.144m with a further £0.023m for Kennel Lane Special, which is in the High Needs Block and therefore outside the scope of the Funding Formula for Schools. There is no additional cost for College Hall Pupil Referral Unit. The cost of implementing the outcomes of the Job Evaluation exercise in schools is estimated at around £1.4m.
- 5.21 Implementing the £ equivalent of the Living Wage was supported by Headteachers at their meeting with the Director in December, and the Forum is also recommended to agree this approach. It is proposed to use the Earmarked Reserve to fund the additional cost in 2014-15 meaning no additional financial impact. The balance in the

Reserve and associated £ equivalent of the Living Wage costs will be reviewed as part of the 2015-16 budget setting process.

- 5.22 The Forum will be aware that the DfE Funding Regulations will not allow for additional budget allocations to be made to schools that match the cost change, and as costs are closely linked to staff numbers, and therefore pupil numbers, the Forum is recommended to agree that the additional funds are allocated to schools based on pupil numbers, with different funding rates for primary and secondary schools to reflect the assessed cost increase in each phase.

Summary additional income

- 5.23 Adding together the estimated increase in DSG income of £1.352m and £0.144m draw down from the Job Evaluation Reserve, there is additional income of £1.496m for next year's Schools Block budget.

Proposed savings

- 5.24 Spending power can also be increased by making savings on existing Schools Block items. The Forum is already aware from a previous report of the £0.070m saving being made on the Behaviour Support Team to which £0.030m can be added in respect of reduced financial support to Jennett's Park Primary School as it continues to expand to its full 2 form of entry capacity, which has provisionally been assessed at £0.070m. As set out above, the CRC will not apply to schools from April 2014, meaning a further £0.080m saving can be made. Altogether, £0.180m of savings are therefore proposed to be made.

Strategy to finance the cost of business rates increases at expanding schools

- 5.25 The on-going programme to create sufficient school places to meet increasing demand has resulted in a number of construction projects to expand existing schools and this has an impact on charges for business rates. The 2013-14 budget build included a provision of £0.046m for potential cost increases with a further cost increase of £0.066m estimated for 2014-15, making a total estimated cost increase of £0.112m. The actual timing and cost of the re-valuations will be subject to assessment from the Inland Revenue.
- 5.26 Rather than setting aside provision in the base budget for an estimated amount, it is proposed to manage this unquantifiable cost increase through the setting up of a new School Expansion Rates Reserve, to be financed in the first instance by drawing down £0.112m from the £0.477m accumulated surplus balance on the Schools Budget General Reserve, which the Forum is recommended to agree. Once created, the amount to be set aside in the Reserve each year will be considered as part of the accounts close down process, taking account of the latest estimate of forecast costs. This will have the immediate effect of creating a saving of the £0.046m by removing the current base budget provision for increased rates expenses and removing the need to add a pressure of £0.066m for 2014-15.

Budget proposals for 2014-15

- 5.27 The estimated increase in the Schools Block income is required to fund delegated school budgets, de-delegated budgets and centrally managed items. Therefore, any allocation of the new funding will need to consider all three areas.
- 5.28 The different parts of the budget that the DfE allows to be maintained have been added to this report as annexes to remind Forum Members of the services being funded by Schools Block DSG. Annex 1 shows both Part 1 centrally managed items where spending is limited to the amount agreed in the previous financial year, and Part 2 centrally managed items where no restrictions on annual increases apply. Annex 2 sets out de-delegated budgets. All of these annexes show the re-stated 2013-14 budget, the impact of proposals in this report and the resultant 2014-15 budget, should all of the changes be agreed.
- 5.29 To help prioritise funding changes for 2014-15, the Schools Forum has agreed a budget strategy and this has been used in the formulation of budget proposals. Table 1 below sets out the proposed use of funds which are further explained in Annex 3. The proposals incorporate the preferences of schools as determined through the financial consultation and also identify the link to the budget strategy which is set out in paragraph 5.8.
- 5.30 There is one item in Table 1 that needs to be highlighted. Item 18 relates to the proposal to create an SEN specific contingency to provide additional financial support to schools with a disproportionate number of high needs pupils i.e. those with high numbers of pupils with assessed support needs above the £6,000 funding threshold set by the DfE. Responses from schools to the finance consultation showed 79% supported the creation of such a fund, subject to sufficient resources in the funding settlement, with the most popular amount of budget being between £0.05m and £0.1m, which was supported by 49% of schools. Details of the criteria for funding allocations, as proposed and supported in the finance consultation with all schools, are set out in Annex 3. In the absence of details from the Financial Settlement, a decision on creating an SEN specific contingency was deferred until this meeting.
- 5.31 As previously reported, such a fund would normally be financed from the High Needs Block. However, in the absence of the confirmed funding allocation, and the uncertainty this creates around the affordability of SEN costs next year, it is not possible to recommend this funding route. A further option would be to finance the SEN contingency from accumulated reserves, but for the same reason, uncertainty around affordability of SEN costs, neither can this be recommended as the funding source. This leaves the School Block, where sufficient resources exist to create a £0.1m SEN contingency as the recommended approach.

Summary proposals

- 5.32 Assuming these proposals, as summarised in Table 1 are approved, a balanced budget can be set with £0.404m of headroom left over for general allocation to schools (line 19) which on the basis of the budget strategy will be via reference to pupil numbers, deprivation and low prior attainment.

Table 1: Proposed use of Schools Block income

Ref.	Strategy	Items delegated to schools	Delegated Budgets £'000	De-delegated Budgets £'000	Centrally managed Budgets £'000	Total £'000
1		Original Schools Block budget for 2013-14	58,480	1,338	1,383	61,201
2		Re-categorise redundancy costs	0	52	-52	0
3		Re-categorise Jennett's Park top-up	0	100	-100	0
4		Re-categorise exceptional costs (contingency)	0	10	-10	0
5		Re-stated 2013-14 base budget	58,480	1,500	1,221	61,201
		<u>Changes for 2014-15:</u>				
		<u>Savings:</u>				
6	n/a	Saving on Behaviour Support budgets	0	-70	0	-70
7	n/a	Saving on additional support to Jennett's Park	0	-30	0	-30
8	n/a	Saving on carbon reduction commitment	0	0	-80	-80
		<u>Other changes funded from DSG:</u>				
9	n/a	Delegation of SEAL and CMCD	101	-101	0	0
10	A	Effect of additional number of primary pupils	1,119	0	0	1,119
11	A	Effect of reduced number of secondary pupils	-154	0	0	-154
12	B	Rates inflation	36	0	0	36
13	B	Rates - remove provision for increase from expanding schools	-46	0	0	-46
14	C	Effect of changes in pupil characteristics e.g. additional FSM numbers, LAC etc	83	0	0	83
15	C	Re-calculation for in-year growth allowances	0	0	-50	-50
16	C	Education fees for vulnerable pupils	0	0	20	20
17	D	Checking of FSM eligibility	0	20	0	20
18	D	Allowance for SEN specific contingency	100	0	0	100
19	E	Headroom for allocation	404	0	0	404
		<u>Change to be funded from reserves</u>				
20	D	Cost of implementing the £ equivalent of the Living Wage	144	0	0	144
		Total budget for 2014-15	60,267	1,319	1,111	62,697
		Change (Lines 6 - 20)	1,787	-181	-110	1,496

Impact of the MFG

- 5.33 Forum members will be aware that in order to reduced funding turbulence, the DfE requires all LAs to apply the MFG to individual school budgets and allocate top up funding where per pupil funding rates fall by more than 1.5% between years. In order to be able to finance the cost, which was £0.357m in 2013-14, DfE allows a cap to be applied to reduce funding increases at schools experiencing a gain in per pupil funding. The Forum has already agreed that the existing arrangements will remain in

place next year, so if required, those schools above the MFG and in receipt of per pupil funding increases would meet the cost of financing the protection required for schools below the MFG, with schools receiving the largest financial gain, contributing a larger proportion of their increase.

- 5.34 If all things remain equal, then over time the expectation is that the cost of MFG will reduce as relevant schools need to absorb an additional 1.5% of per pupil funding each year. This message has been reinforced with schools. Coupled with the additional resources proposed to be added into school budgets, based on the assumptions in this paper, the cost of MFG falls by £0.228m to £0.129m.

Pupil Premium Grant

- 5.35 Whilst there is no increase in funding rates for schools through the DSG, an uplift has been confirmed for the unit rates paid through the Pupil Premium Grant, which is a specific government grant, mostly targeted to schools based on the number of pupils on roll that have been eligible to a FSM at any point in the last 6 years - the 'Ever 6' method. For the first time, different rates will be paid to primary and secondary aged pupils, with rates set at £1,300 and £935 respectively. Funding for Looked After Children increases from £900 to £1,900, whilst allocations for children in service families remain unchanged at £300. Overall, funding is forecast to increase by £0.5m, from £2.3m to £2.8m.

Actual cost pressures estimated for 2014-15

- 5.36 As well as the pressures identified by schools, some of which are specific to individual, or small groups of schools, there are other cost increases that generally speaking, all schools will face next year and which are not included in the budget proposals. In total, these are estimated at around £0.748m, with possible further costs for staff contractual pay increments, as follows:
1. 1% assumed public sector pay award (estimated at £0.550m);
 2. Contractual increments due to staff (no reliable estimate available, determined by individual school decisions, with varying outcomes on a school by school basis);
 3. General inflation on non pay at around 2.3% (September RPI rate) (estimated at £0.198m).

Other decisions required from the Schools Forum

- 5.37 The content of this report complies with requirements of the School and Early Years Finance (England) Regulations 2013. In addition to this, in setting the 2013-14 Schools Budget, there are also requirements from the Schools Forum (England) Regulations 2012 that needs to be complied with. Relevant areas were reported to the Forum in November as part of the briefing on the Education Funding Agency document *Schools Forums: operational and good practice guide*.
- 5.38 There is a requirement to seek comments from the Forum in respect of administration arrangements for the allocation of central government grants. No changes are proposed on existing arrangements where any relevant costs are absorbed by the council in normal day to day operations and the Forum is requested to agree this approach continues.

- 5.39 The Schools Forum Regulations also require the council to seek comments on arrangements for pupils with special educational needs, pupil referral units and other education out of school and early years provisions. In line with the publication of associated funding allocations, these matters will be presented to the Forum on 14 March.
- 5.40 In terms of de-delegation of services, Forum members will be aware that only Primary and Secondary school representatives can agree such matters for their respective phase of education. Voting on such matters is therefore limited to head teachers and governor representatives of these phases only. As previously reported, and set out above in paragraph 5.7, a decision on de-delegation of the Behaviour Support Team and Anti-bullying Co-ordinator budgets had been deferred pending gathering further views from head teachers. At the December meeting with the Director, head teachers agreed that these services should continue as de-delegated and relevant members of the Forum are therefore now requested to agree this approach.
- 5.41 The Forum also has a decision making role on other budget matters, most notably in relation to Schools Block element funds held for centrally management by the Council on behalf of schools. Relevant budgets, including changes proposed in this paper are set out in Annex 1. The Forum is recommended to agree relevant amounts for each budget line in Annex 1.
- 5.42 To provide targeted, in-year financial support to schools facing additional costs to ensure Key Stage 1 class size regulations to limit classes to no more than 30 pupils per teacher are not breached, LAs are permitted, subject to agreement of their Schools Forum, to retain funding in a contingency for allocation once qualifying criteria is met. Such a contingency was established at April 2013, and based on experience to date, a revision is required. This relates to ensuring there is no double funding for schools which also attract in-year top-up funding as a consequence of experiencing significant in-year increases in pupil numbers. Where in-year growth allowances are generated, relevant schools will only also receive Key Stage 1 top up funding for the autumn and spring terms when there are 20 or more additional pupils outside Key Stage 1 at the relevant October census. There is no change to funding allocations for Key Stage 1 classes from the summer term calculation.
- 5.43 The opportunity has also been taken to include more complete examples of how the scheme would work in practice and the Forum is recommended to agree the new wording as set out in Annex 6. The Schools Forum must be consulted before any money is allocated to schools from such a fund so will always have the opportunity to review allocations before they are confirmed.
- 5.44 In September, members of the Forum were asked to consider whether any areas of additional spend should be considered from the accumulated surplus balance in the General Reserve that totalled £0.477m. This was raised at a time when it was expected that there would be an under spending in the current year as a result of £0.408m of unbudgeted post-16 SEN grant income. However, as the impact of the funding reforms has unfolded, there is considerably higher post-16 SEN costs than originally expected, as well as increased numbers of high needs pre-16 pupils. Latest information indicates that the aggregate of SEN budgets will over spend rather than under spend. If the cost pressure continues into 2014-15, then with the likelihood of a "cash flat" High Needs Block DSG settlement, there is the possibility of insufficient 2014-15 income to fund costs.

- 5.45 However, One request has been received from a Forum Member, which relates to a concern raised in respect of funding allocations provided to 1 form entry primary schools which due to their size are vulnerable to budget difficulties from relatively small changes in pupil numbers and would ordinarily find it difficult to qualify for an in-year growth allowance where the threshold is set as an in-year increase in pupil numbers of 20 or more. More information on this item will be presented to the March meeting of the Forum when there is more certainty on the overall level of funds.

Conclusion on Schools Block element of the Schools Budget

- 5.46 Despite the flat funding settlement, through implementing a range of relatively straightforward savings and making use of the financial gain arising from a net increase in pupil numbers, £0.404m of new resources have been allocated through the Funding Formula. This is after fully funding schools for increases in pupil numbers and changes in pupil characteristics. In addition to this, an extra £0.5m is forecast to be received by schools from the Pupil Premium making a total increase in funding of £0.904m. These additional resources are sufficient to finance the unfunded cost of the assumed 1% pay award and 2.3% general inflation on other items of £0.748m, with £0.156m remaining to meet other cost pressures, such as contractual increment payments to staff, or for schools to develop their local priorities.

High Needs Block

- 5.47 The High Needs Block covers funding for education provision for high needs pupils and students from birth to 25. This is in line with the proposals set out in the Green Paper on SEN and disability. High Needs Pupils are defined by the DfE as those requiring more than £10,000 of support each year. Costs below this threshold are to be met from general funds in budgets delegated to schools and allocated from the Schools Block.
- 5.48 The DfE has yet to confirm all the funding adjustments required to the High Needs Block and therefore 2014-15 budget proposals will be presented in March. However, it is clear from rolling forward current commitments in non-BF special schools that there is a budget pressure, currently estimated at £0.2m. This is before inflation, and the Council is currently negotiating with providers to maintain charges at 2013-14 prices. If this is not successful, then the pressure will increase further.
- 5.49 Proposals for the High Needs Block budget are to be presented to the Forum in March. Annex 4 shows an outline of 2013-14 budgets funded from the High Needs Block.

Early Years Block

- 5.50 The Early Years Block covers 2, 3 and 4 year olds receiving the entitlement to 15 hours a week free education and childcare that is paid to providers – maintained schools and private, voluntary and independent (PVI) sectors – through the Early Years Single Funding Formula (EYSFF). It also covers the early years contingency, central expenditure on under 5s and high needs pupil funding where this is not included in the High Needs Block.
- 5.51 As with High Needs Block funding, the DfE has yet to confirm relevant DSG income for 2014-15, and therefore budget proposals will be presented to the Forum in March.

Annex 5 shows current budgets.

Next steps

- 5.52 The views of, and decisions taken by the Schools Forum will be considered by the Executive Member in making final decisions for the 2014-15 Schools Budget. This will be in advance of the 21 January deadline for submission to the DfE of the 2014-15 Funding Formula for Schools. Budgets can then be confirmed to individual schools, which is expected to be some time in February.
- 5.53 Further work is on-going relating to the High Needs and Early Years Block items, where decisions are awaited from the DfE to confirm the level of funding to be received next year. Budget proposals on these areas of the Schools Budget will be presented to the Forum for consideration in March.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal provisions (including consultation) are addressed within the main body of the report.

Borough Treasurer

- 6.2 The financial implications arising from this report are set out in the supporting information. The proposals meet the requirements of the appropriate funding regulations and are considered affordable based on current information.

Equalities Impact Assessment

- 6.3 The budget proposals ensure funding is targeted towards vulnerable groups and an EIA is not required.

Strategic Risk Management Issues

- 6.4 The funding reforms and tight financial settlement present a number of strategic risks, most significantly:
1. Insufficient funding to cover anticipated pay and price inflation.
 2. Inability to target resources to schools facing pressures as a result of the limited range of available factors for the Funding Formula.
 3. The ability of schools to absorb an increasing number of pupils.
- 6.5 These risks will be managed through support and assistance to schools in the budget setting process which is a well established programme. It has ensured that schools develop medium term solutions to budget shortfalls and draws on funding retained to support schools in financial difficulty or through the allocation of short to medium term loans. There remains a de-delegated budget of £0.259m (excludes academies) to support schools in financial difficulties that meet qualifying criteria.

7 CONSULTATION

Principal Groups Consulted

7.1 Schools.

Method of Consultation

7.2 Written consultation.

Representations Received

7.3 Included in relevant reports.

Background Papers

Previous budget reports to the Forum:

<http://democratic.bracknell-forest.gov.uk/documents/s68516/5a%20-%20Outcomes%20from%20the%20financial%20consultation%20-%202013%20v2.pdf>

<http://democratic.bracknell-forest.gov.uk/documents/s66208/2014-15%20Schools%20Budget%20-%20Preliminary%20Arrangements.pdf>

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Proposed 2014-15 Schools Block budgets to be centrally managed by the Council

Budget item	Schools Block Centrally Managed		
	Total 2013-14 £	Proposed Changes £	Draft Total 2014-15 £
<u>Part 1: Spending limited to amount agreed in the previous financial year</u>			
Combined Services Budgets*:			
Family Intervention Project	£100,000	£0	£100,000
Educational Attainment for Looked After Children	£133,590	£0	£133,590
School Transport for Looked After Children	£42,890	£0	£42,890
Young People in Sport	£18,050	£0	£18,050
Common Assessment Framework Co-ordinator	£42,470	£0	£42,470
Domestic Abuse	£6,000	£0	£6,000
Education Health Partnerships	£30,000	£0	£30,000
SEN Contract Monitoring	£32,680	£0	£32,680
Miscellaneous (up to 0.1% of Schools Budget):			
Forestcare out of hours support service	£4,850	£0	£4,850
Borough wide Initiatives	£27,270	£0	£27,270
Support to Schools Recruitment & Retention	£7,470	£0	£7,470
School Admissions	£175,970	£0	£175,970
Schools Forum	£21,440	£0	£21,440
Sub total Part 1 items	£642,680	£0	£642,680
<u>Part 2: No restriction on annual increases</u>			
Schools Contingency:			
Significant in-year growth in pupil numbers	£330,648	£-25,000	£305,648
Key Stage 1 class sizes	£111,392	£-25,000	£86,392
Boarding Placements for Vulnerable Children	£25,880	£20,000	£45,880
Central copyright licensing	£30,000	£0	£30,000
Carbon Reduction Commitment	£80,000	£-80,000	£0
Sub total Part 2 items	£577,920	£-110,000	£467,920
Total Part 1 and Part 2 items	£1,220,600	£-110,000	£1,110,600

* Combined Service Budgets funded by the DSG generally support vulnerable children and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.

Proposed 2014-15 budget for de-delegated items

Budget Item	Total 2013-14 £	Proposed Changes £	Draft Total 2014-15 £
Part 5: Items that can be de-delegated from a maintained school's budget			
Behaviour Support Services :			
Behaviour Support Team – provides support to young people, children and their families in the home environment and schools to manage behaviour.	£369,787	-£70,000	£299,787
Social and Emotional Aspects of Learning – This budget is used to promote and develop healthy emotional well-being and positive behaviour for children and young people. To be delegated at April 2014.	£69,320	-£69,320	£ 0
Consistency Management and Cooperative Discipline – Offers training to all teachers equipping them with classroom management skills through a defined programme to enhance their practice in behaviour support. To be delegated at April 2014.	£31,870	-£31,870	£ 0
Anti-bullying co-ordinator – assists schools in their capacity to address bullying issues.	£25,027	£0	£25,027
Schools in Financial Difficulty – additional support where a school is in, or likely to fall into one of the Ofsted categories of causing concern.	£280,000	£0	£280,000
English as an Additional Language – to support under performing EAL pupils.	£127,066	£0	£127,066
SIMS and other licences – purchase of the licence required by the software that performs most finance and administration tasks in schools.	£90,452	£0	£90,452
Official staff absence e.g. maternity leave, union or magistrates duty, jury service, council membership, staff suspension.	£345,420	£0	£345,420
Premature Retirement / Dismissal costs to fund one-off redundancy costs following staffing restructure in schools.	£52,000	£0	£52,000
Funding for new, amalgamating or closing schools to finance start-up, build up and close down costs.	£100,000	-£30,000	£70,000
Exceptional costs (primary schools only) to support schools facing exceptional costs that could not be predicted when the budget was set	£10,000	£0	£10,000
Free School Meal eligibility checking - Ensures schools have relevant information to complete the annual, national census to maximise income.	£0	£20,000	£20,000
Total Schools Budget	£1,500,942	£-181,190	£1,319,752

**Proposed budget developments for the 2014-15 Schools Block
Element of the DSG**

Ref to Table 1	Description	Amount £'000
6.	<p>Saving on Behaviour Support Services</p> <p>The Behaviour Support Service has undergone a review to improve efficiency and better support schools. In terms of improved efficiencies, savings have been identified against a number of budget headings including staffing, resources and premises costs.</p>	-70
7.	<p>Support to expanding new school</p> <p>The Forum has previously agreed to allocate additional funds to new schools that continue to expand at a rate that the normal Funding Formula can not adequately resource. Over time, the need for financial support decreases as schools approach their capacity. An initial review of costs compared to income indicates a shortfall of £0.07m at Jennett's Park Primary School, which is the amount proposed to be added to the budget. This is £0.03m below the 2013-14 budget level.</p>	-30
8.	<p>Carbon Reduction Commitment</p> <p>Changes to the operation of the Carbon Reduction Commitment, which levy's a tax in proportion to carbon emissions, come into force from 1 April 2014. This includes excluding schools from the provisions, thereby creating a saving allowing the full budget to be removed.</p>	-80
10 / 11	<p>Change in pupil numbers</p> <p>Pupil numbers have increased by 345 (+2.4%), from 14,611 (October 2012) to 14,954 (October 2013) and this will generate income of £62.553m, an increase of £1.352m. The breakdown in change in numbers shows 403 extra pupils in primary schools (+4.5%), and 57 less in secondary schools (-1.0%). The Funding Formula allocation results in a cost pressure of £1.119m in primary schools and a saving of £0.154m in secondary schools.</p>	965
12. / 13	<p>Change in business rates</p> <p>There are two areas with a budget impact on business rates; firstly a 2.0% increase in the national rate levied, costing £0.036m; and secondly, a saving of £0.046m can be achieved through financing anticipated future cost pressures arising from increased school floor areas following expansions to accommodate more pupils from accumulated surplus balances rather than using annual DSG income. DfE funding regulations require LAs to provide in school budgets the estimate actual cost of business rates.</p>	-10

Ref to Table 1	Description	Amount £'000
14.	<p>Change in pupil characteristics</p> <p>The October pupil census provides an update on the pupil characteristics that are used for funding purposes. This relates to changes in pupil deprivation, both FSM eligibility and IDACI scores, low prior attainment, number of looked after children, English as an additional language and mobility. Overall, there is a net increase in budget allocations between October 2012 and 2013.</p>	83
15.	<p>Estimated in-year increase in pupil numbers and support to schools meeting Key Stage 1 class size regulations</p> <p>The Forum has previously agreed to allocate additional funds to schools that experience exceptional increases in pupil numbers at the start of an academic year, with the funding threshold set at an increase of 20 pupils, which is considered the stage where ordinarily, a new class would need to open, with qualifying schools then receiving a budget addition to fund the cost of a teacher from September to March. Rolling forward current pupil numbers by one year group indicates the need to fund 11 more classes at the start of academic year 2014-15. Allowing for 2 further classes from growth in other year groups indicates a need for 13 extra classes, which is one less than current budget, creating a £0.025m saving.</p> <p>In respect of support to schools needing to meet the Key Stage 1 class size regulations that require a teacher for every 30 pupils, a new budget was created in 2013-14. Experience has since shown that there are circumstances where double funding can occur with the general in-year growth allowance budget and to remove this anomaly, there is a proposal to amend the funding criteria. Based on the revised criteria being agreed, and the level of funds expected to be allocated in 2013-14, a saving of £0.025m can be proposed.</p>	-50
16.	<p>Education fees for vulnerable children</p> <p>The overall number of children needing to be looked after has increased, which together with significant turnover has resulted in a change in the profile of accommodation and care needs. One impact of this has been an increase in the number of young people attending schools within residential settings for which education fees are then payable. Current estimates indicate that costs will exceed budget by £0.02m in 2014-15.</p>	20
17.	<p>Checking pupil eligibility to a Free School Meal (FSM)</p> <p>By linking the Council's Housing Benefits system to the FSM application process, as soon as a parent receives the relevant benefits, schools are informed to update their census to maximise income. Parents also receive a letter informing them of their child's eligibility to a FSM. This proposal was supported by schools in the finance consultation.</p>	20

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Ref to Table 1	Description	Amount £'000
18.	<p>SEN specific contingency</p> <p>The creation of an SEN specific contingency to provide additional financial support to schools with a disproportionate number of high needs pupils i.e. with support needs over £6,000 was supported by 79% of respondents to the finance consultation, subject to sufficient funds, which have now been established. In order to target resources to the schools with the greatest need, it was agreed to set the funding thresholds where 4% of pupil numbers are classified as high needs in primary schools, and above 2% for secondary schools, with the proportion of funding that high needs pupils represent set at 2% for primary schools and 1% for secondary schools. Using these thresholds indicates that 5 schools – 14% of all schools – would qualify for top up funding.</p>	100
19.	<p>Remaining balance of funds</p> <p>After applying the budget principles set out in the body of the report, there is an unallocated budget balance of £0.404m. It is proposed to be allocated to schools as per budget principle E at paragraph 5.8, using per pupil, high deprivation and low prior attainment measures, in the same proportion as the existing distribution of funds (around 93.4%/3.2%/3.4% in primary and 90.6%/4.8%/4.6% in secondary). The allocation of funds between primary and secondary phases would be in proportion to total funds allocated through these three key factors.</p>	404
20.	<p>Implementing the £ equivalent of the Living Wage</p> <p>In respect of the Council's Job Evaluation Exercise, the recommendation for schools now is to adopt the £ equivalent of the Living Wage from April 2014, rather than implementation of the original outcomes. The Living Wage is regarded as the minimum income necessary for a worker to meet basic needs. It is a benchmark figure, currently set at £7.65 per hour outside the capital. Currently BGK is the lowest grade on the Council's structure, the top of which is spinal column point 10 (£7.55/hour); the next grade is BGJ, the bottom of which is spinal column point 11 (£8.00/hour). Officers of the Council are currently exploring options to determine the best practical approach to incorporate the £ equivalent of the Living Wage into the BFC grading structure.</p> <p>The cost of implementation in 2014-15 will be met from the balance in the Earmarked Job Evaluation Reserve so does not require any DSG funding.</p> <p>A future funding source will need to be determined as part of the 2015-16 budget setting process.</p>	144
	Total Available	1,496

Current 2013-14 High Needs Block Budgets

Budget Item	Total £
Element 3 top-up payments. For pupils where assessed needs exceed the £6,000 cost of support threshold set by the DfE:	
BFC maintained schools.	£546,720
BFC academy	£105,000
Non-BFC maintained schools	£950,000
Kennel Lane Special School	£1,213,650
PVI providers	£4,250,000
FE colleges	£315,000
Specialist places – For block purchase of places in BFC maintained specialist providers, at the £10,000 per place funding rate set by the DfE:	
Kennel Lane Special School	£1,850,000
BFC maintained schools	£292,000
BFC academy	£50,000
Education out of school:	
College Hall Pupil referral Unit	£711,490
Home Tuition	£252,160
Family Outreach Work	£99,130
Other support to high needs pupils:	
Teaching and Support Services	£704,350
Sensory Impairment Service	£226,470
Autism Support Service	£84,000
Traveller Education	£75,140
Other, e.g. specialist equipment, medical support etc	£146,010
Total High Needs Block Budget	£11,871,120

Current 2013-14 Early Years Block Budgets

Budget Item	Total £
<p>Free entitlement to early years education and childcare :</p> <p>Maintained school nurseries.</p> <p>PVI provider settings</p> <p>PVI provider settings and support – 2 year olds</p> <p>Contingency – for in-year increases in take-up and other support to providers e.g. SEN children, providers in financial difficulty</p> <p>Multi professional assessment centre – Currently provided through contract with Action for Children, based at Margaret Wells Furby Children’s Centre</p> <p>Free milk – net cost of free milk to eligible children.</p> <p>Special Educational Needs and other support e.g. Special Educational Needs Co-ordinators.</p>	<p>£1,284,140</p> <p>£2,687,830</p> <p>£894,000</p> <p>£130,550</p> <p>£156,850</p> <p>£11,210</p> <p>£147,390</p>
Total Early Years Block Budget	£5,311,970

Criteria for in-year budget allocations to schools to meet unavoidable costs arising from the Key Stage 1 class size regulations that limit classes to no more than 30 pupils per teacher

The School Specific Contingency shall include funding for an allocation to those schools that experience unavoidable costs arising from the Key Stage 1 class size regulations that are not resourced through the Funding Formula.

Numbers in reception, Year 1 and Year 2 will be collected termly from the relevant school census to determine the total number of pupils in each school affected by the relevant Regulations. Where the aggregate number of pupils does not equate to a multiple of 30, additional resources will be added at the amount required to cover the cost of appointing a teacher on Mainscale Point 6 – salary and employer on-costs - for the relevant period, after taking account of the funding delivered through the Funding Formula. Funding will be added on a “missing pupil” basis.

The allocated funding may need to be scaled if demand significantly exceeds the budget allocation, with final decisions to be determined each year by the Schools Forum.

An illustration of the funding calculation is as follows which would need to be updated each year to reflect budget decisions and the cost of employing a teacher (all units of resource are therefore illustrative and subject to change):

- a. The per pupil funding rate is assumed to be £2,864 (A)
- b. The cost of a teacher on Mainscale Point 6 – salary and employer on-costs - is £40,100 (B)
- c. To have sufficient income from the Funding Formula to employ a teacher, a school needs $\text{£40,100 (B) / £2,864 (A) = 14 pupils (C)}$
- d. The Funding Formula therefore provides sufficient funding to appoint a teacher provided there are 14 pupils. The maximum top-up funding a school can receive is for 14 ‘missing’ pupils (C)
- e. Therefore where the actual number on roll exceeds a multiple of 30 compared to the number on roll funded in the original budget the school would be entitled to top-up funding
- f. Funding will be added, pro rata per term, for each missing pupil
The attached Annex sets out funding top-up rates, based on the cost of employing a teacher at £40,100 and the BF Funding Formula delivers sufficient funding to appoint a teacher provided there are 14 pupils. These factors and amounts are subject to annual re-calculation.

Children admitted **in-year** as an “excepted pupil” in accordance with The School Admissions (Infant Class Sizes) (England) Regulations 2012, or other relevant legislative requirement will not be included in the calculation for top up funding as they will not impact on the need to recruit a teacher. The exclusion will apply for the full period the child is on roll at the school to the end of Key Stage 1.

“Excepted pupils” currently include those that are admitted to the school outside a normal admission round:

- as a result of the local authority specifying the school in the child’s statement;
- are looked after;

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- were in error initially refused admission;
- are from a service family.

“Excepted pupils” on the roll of a school at the October census will generate per pupil funding for a school in the next budget. These funds will be taken into account in any top up funding calculations.

Separate calculations will be made each term, based on data obtained from the relevant census.

Exceptions:

There are two exceptions to the general rule set out above:

1. In order to avoid double funding, a school will not be eligible for Key Stage 1 class size funding in the autumn and spring terms where the school has qualified of an in-year growth allowance for these pupils.
2. When a school is funded on the basis of estimated actual costs, which is ordinarily a new school or one that opens additional forms of entry during a financial year, it will not be entitled to any top up funding from the Key Stage 1 class size contingency, provided funds for the additional costs that will arise are allocated from an alternative source.

**Illustration of the operation of the Key Stage 1 Class Size Contingency
(Figures are illustrative and subject to change each year)**

Cost of employing a teacher MSP6 (2013-14 actual)	£40,100
Per pupil funding in the BF Formula (illustrative)	£2,864
Number of pupils needed to fund the cost of a teacher	14

		Funding allocation			
		Full year top -up	Summer term	Autumn term	Spring term
Number of Key Stage 1 pupils above the nearest multiple of 30	1	£37,236	£15,515	£12,412	£9,309
	2	£34,371	£14,321	£11,457	£8,593
	3	£31,507	£13,128	£10,502	£7,877
	4	£28,643	£11,935	£9,548	£7,161
	5	£25,779	£10,741	£8,593	£6,445
	6	£22,914	£9,548	£7,638	£5,729
	7	£20,050	£8,354	£6,683	£5,013
	8	£17,186	£7,161	£5,729	£4,296
	9	£14,321	£5,967	£4,774	£3,580
	10	£11,457	£4,774	£3,819	£2,864
	11	£8,593	£3,580	£2,864	£2,148
	12	£5,729	£2,387	£1,910	£1,432
	13	£2,864	£1,193	£955	£716
	Sufficient pupils funded through BF Formula to fund teacher	14	£0	£0	£0

Worked examples:

	1	2	3
1 Number of funded pupils in KS1 as at start of financial year October Census	70	70	70
2 Number of classes that can be funded [1 / 30 to nearest whole number]	2	2	2
3 Number of required classes at October [1 / 30 rounded up to nearest whole number]	3	3	3
4 Number of funded pupils above multiple of 30 [the remainder of 1 / 30]	10	10	10
5 Number of pupils on roll in KS1 as at Census point in relevant term	92	78	59
6 Number of classes needed based on actual NOR in relevant term [5 / 30 rounded up to nearest whole number]	4	3	2
7 Extra classes required based on actual pupils on roll in relevant term [6 - 2]	2	1	0
8 Number of 'missing pupil' needed to fund extra classes [7 X 14 pupils]	28	14	0
9 Number of 'missing pupils' needed [0 if 7 = 0] otherwise [8 - 4]	18	4	0
10 Amount per 'missing' pupil	£2,864	£2,864	£2,864
Total allocation due for the whole financial year [9 X 10]	£51,557	£11,457	£0

2014-15 DfE pro forma

Local Authority Funding Reform Proforma

LA Name: Bracknell Forest

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Reception uplift	No	Pupil Units		0.00					
	Description	Amount per pupil	Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	Primary (Years R-6)	£2,890.43	9,393.00		£27,149,827	£49,709,579	44.16%			
	Key Stage 3 (Years 7-9)	£4,069.22	3,258.00		£13,257,516		21.56%			
	Key Stage 4 (Years 10-11)	£4,069.22	2,286.00		£9,302,235		15.13%			
2) Deprivation	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	FSM % Primary	£437.90		925.44		£405,248	£2,343,849	3.81%		
	FSM % Secondary		£1,355.08		400.75	£543,046				
	IDACI Band 1	£340.55	£1,113.95	1,396.78	650.04	£1,199,788				
	IDACI Band 2	£510.83	£1,670.92	138.90	69.01	£186,255				
	IDACI Band 3	£681.11	£2,227.89	2.96	2.98	£8,661				
	IDACI Band 4	£851.39	£2,780.70	1.00	0.00	£851				
	IDACI Band 5	£1,021.66	£3,341.84	0.00	0.00	£0				
	IDACI Band 6	£1,191.94	£3,898.81	0.00	0.00	£0				

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Local Authority Funding Reform Proforma

LA Name:

Bracknell Forest

Pupil Led Factors

	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 12	£211.86		57.11		£12,099	£243,150	0.02%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£259.08		692.21		£179,340		0.33%		
	EAL 3 Secondary		£259.08		98.99	£25,647				
5) Mobility	Pupils starting school outside of normal entry dates	£314.75		82.81	0.00	£26,065		0.04%		
	Description	Weighting	Amount per pupil	Percentage of eligible Y1 and Y2-5 NOR respectively	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Low Attainment year 1	45.55%	£509.49	19.37%	1,812.82	£923,619	£2,090,624	3.40%		
	Low Attainment % Y2-5 78			19.37%						
	Secondary pupils not achieving (KS2 level 4 English or Maths)		£902.64		1,292.89	£1,167,005				

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Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£150,000.00	£170,000.00	£5,670,000	9.22%	
8) Sparsity factor			£0	0.00%	
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.					
9) Fringe Payments			£0	0.00%	
10) Split Sites			£0	0.00%	
11) Rates			£1,343,750	2.19%	
12) PFI funding			£0	0.00%	
13) Sixth Form			£0	0.00%	
14) Exceptional circumstances (can only be used with prior agreement of EFA)					
Circumstance			Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
Joint sports facilities			£85,048	0.14%	
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)			£61,486,001	100.00%	£0

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15) Minimum Funding Guarantee (MFG is set at -1.5%)		£129,410	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		Yes	
Capping Factor (%)	1.00%	Scaling Factor (%)	35.38%
Total deduction if capping and scaling factors are applied		-£129,410	
		Total (£)	Proportion of Total funding(%)
MFG Net Total Funding (MFG + deduction from capping and scaling)		£0	0.00%
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)			
Additional funding from the high needs budget		£100,000.00	
Growth fund (if applicable)		£392,040.00	
Falling rolls fund (if applicable)		£0.00	
Total Funding For Schools Block Formula		£61,486,001	
% Distributed through Basic Entitlement		80.85%	
% Pupil Led Funding		85.05%	
Primary: Secondary Ratio		1 :	1.33

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