



NOTICE OF MEETING

Schools Forum

Thursday 15 January 2015, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Schools Forum

Schools Members:

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Liz Cook, Secondary School Representative
Karen Davis, Primary Head Representative
Ed Essery, Secondary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers Representative
David Matika, Primary School Governor
John McNab, Secondary School Governor
Joanna Quinn, Primary School Representative
Tony Reading, Primary School Governor
Trudi Sammons, Primary School Representative
Anne Shillcock, Special Education Representative
David Stacey, Primary School Governor
Beverley Stevens, Academy School Representative
John Throssell, Primary School Governor (Vice-Chairman)

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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- 3 Use the stairs not the lifts.
- 4 Do not re-enter the building until told to do so.

If you require further information, please contact: Amanda Roden

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Email: amanda.rodan@bracknell-forest.gov.uk

Published: 6 January 2015

Schools Forum

Thursday 15 January 2015, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

Sound recording, photographing, filming and use of social media at meetings which are held in public are permitted. Those wishing to record proceedings at a meeting are however advised to contact the Democratic Services Officer named as the contact for further information on the front of this agenda as early as possible before the start of the meeting so that any special arrangements can be made.

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 27 November 2014.

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4. **Update on Cost Pressures being Experienced on Supporting High Needs Pupils and Proposals for the 2015-16 Budget**

To update the Forum on the current cost pressures being faced in respect of High Needs Pupils, the actions proposed to manage cost increases and to seek agreement that recommendations are made to the Executive Member for Children, Young People and Learning in respect of budget changes to be made for 2015-16 that will result in a balanced budget.

5 - 22

5. **Proposals for the 2015-16 Schools Block Element of the Schools Budget**

To update the Forum on school funding and to seek comments on proposals from the Council for the 2015-16 Schools Block element of the Schools Budget.

23 - 46

6. **Local Authority Budget Proposals for 2015-16**

To seek the comments of the Forum on the 2015/16 budget proposals of the Executive for the Children, Young People and Learning Department in respect of the revenue budget and the capital programme.

47 - 74

7. **Proposal for Additional Financial Support to The Brakenhale School**

To provide members of the Forum with a costed proposal on the school improvement support plan for The Brakenhale Secondary School in order for the Forum to make a decision on whether to fund the school improvement support plan.

75 - 80

8. **Exclusion of Public and Press**

To consider the following motion:

That pursuant to Regulation 4 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2012 and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of item 9 which involves the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972:

- (3) Information relating to the financial or business affairs of any particular person.

9. **Confidential Annex**

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10. **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 12 March 2015

Thursday 23 April 2015

Thursday 18 June 2015

Thursday 16 July 2015

Thursday 17 September 2015

Thursday 22 October 2015

Thursday 10 December 2015

Thursday 14 January 2016

Thursday 10 March 2016

Thursday 21 April 2016

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**SCHOOLS FORUM
27 NOVEMBER 2014
4.30 - 4.56 PM**

Present:

Schools Members

Ed Essery, Secondary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
David Matika, Primary School Governor
John McNab, Secondary School Governor
Tony Reading, Primary School Governor
Anne Shillcock, Special Education Representative
John Throssell, Primary School Governor (Vice-Chairman)
Mark Williams, Academy School Representative

Non-Schools Members:

George Clement, Union Representative (Chairman)

Apologies for absence were received from:

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Liz Cook, Secondary School Representative
Keith Grainger, Secondary Head Teachers Representative
Trudi Sammons, Primary School Representative
David Stacey, Primary School Governor

11. Declarations of Interest

Tony Reading, David Matika, Ed Essery and John Throssell declared an interest in respect of Item 6 with regard to the claw-back of funds for schools.

12. Minutes and Matters Arising

RESOLVED that the minutes of the meeting held on 16 October 2014 be approved and signed by the Chairman as a correct record.

The Forum was provided with an update on membership. Liz Cook from Easthampstead Park Community School would be a new Secondary School Representative. Mark Williams currently acting Headteacher at Ranelagh would be replaced as the Academy School representative from January 2015 by Beverley Stevens the new Headteacher at Ranelagh.

13. Education and Children's Services Financial Benchmarking - 2014-15 Original Budget Data

The Forum received an annual information report that provided members of the Forum with financial benchmarking data in respect of the 2014-15 original budget that had been made available by the Department for Education (DfE). This 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 in England or the Council's statistical neighbours. The report highlighted the significant variances to the average of the statistical neighbours.

14. **Outcomes from the second Financial Consultation with Schools and other related matters**

The Forum considered a report summarising the results of the second Financial Consultation exercise with governing bodies and other interested parties which concentrated on budget matters. It reported on schools' views regarding the questions raised and was intended to assist the Forum in making recommendations in respect of the 2015-16 Schools Budget.

All the recommendations for change represented the majority view of responses to the consultation and by the publication date for the report, a response had been received from 21 out of 37 schools; a 57% response rate. A response had been received from 17 primary schools; a 55% response rate, and 4 secondary schools; a 67% response rate. Responses were not received from all sectors as not all the questions in the consultation affected every school.

Preliminary decisions taken at this time would be used in the calculation of indicative 15-16 budgets to schools, subject to changes agreed by the Director of Children, Young People and Learning as a result of more up to date information. These were expected to be with schools by the end of term in order to assist in the early stages of financial planning.

The Council was required to make a final return to the Department for Education on the actual 2015-16 School Budgets no later than 20 January 2015. Final decisions on the 2015-16 Schools Budget would need to be taken at the next meeting of the Forum on 15 January 2014.

The Forum **NOTED**:

- i. The outcomes from the financial consultation with schools as summarised in Annex 2;
- ii. The additional comments made by schools, as set out in the confidential Annex 4;

The Forum **AGREED**:

- iii. That any additional funds for schools in 2015/16 should be distributed via the per pupil factor only;
- iv. That due to the anticipated significant cost increase on supporting High Needs Pupils, only £0.5m of the additional £1.5m of School Block income due next year should be included in indicative 2015-16 school budgets, subject to update by the Director of Children, Young People and Learning in the light of more up to date information;
- v. That revised text be produced for the scheme to claw-back significant surplus balances from schools for consideration at a future meeting of the Schools Forum, taking account of the changes supported by the majority of schools responding to the consultation (paragraph 5.14);

- vi. That the cost of those schools losing money, and receiving a funding top up through the Minimum Funding Guarantee, should continue to be funded by on-going use of a cap on the increases being received by schools gaining through the changes (paragraph 5.16);
- vii. The revised criteria to provide financial support to schools experiencing significant in-year growth in pupil numbers, for implementation from April 2015 (paragraph 5.17 and Annex 3);

Primary School representatives only **AGREED:**

- viii. The recommendations relating to de-delegation set out in the box in paragraph 5.13.

Secondary School representatives only **AGREED:**

- ix. The recommendations relating to de-delegation set out in the box in paragraph 5.13.

15. Update on The Brakenhale Secondary School

The Forum received a report updating members on the current situation at The Brakenhale Secondary School and the likelihood that a request would be made for additional financial support to aid the school's recovery from 'Requires Improvement'.

At 5.3 of the report, it should read: 'The recruitment process is underway but it is unlikely there will be a substantive Headteacher in post before September 2015. It has been agreed that the role of the Executive Headteacher will be reviewed on a termly basis.'

A funding proposal would be brought to a future meeting of the Forum and in the interim Bob Eley, Headteacher of Edgbarrow, a school rated as Outstanding had been appointed as Executive Headteacher at The Brakenhale School until a permanent replacement was appointed. The members of the Forum were informed that resources would be used to help the school to improve and there had been positive feedback from staff regarding the new working arrangements.

The Forum:

- i. **NOTED** that The Brakenhale School had interim leadership arrangements in place following the resignation of the headteacher and a support programme funded through the Local Authority.
- ii. **SUPPORTED** the in principle proposal to allocate funding from the budget to support schools in financial difficulty to The Brakenhale, on the terms set out in the body of the report.

16. Exclusion of Public and Press

RESOLVED that pursuant to Regulation 4 of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2012 and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of item 9 which involves the likely disclosure of exempt information under the following category of Schedule 12A of the Local Government Act 1972:

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17. **Confidential Annex**

18. **Dates of Future Meetings**

The Forum noted that the next meetings were scheduled at 4.30pm in the Council Chamber at Easthampstead House for:

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Thursday 23 April 2015

Thursday 18 June 2015

Thursday 16 July 2015

Thursday 17 September 2015

Thursday 22 October 2015

Thursday 10 December 2015

Thursday 14 January 2016

Thursday 10 March 2016

Thursday 21 April 2016

If there was no business to discuss, meetings would be cancelled. Attendance at the January 2015 Forum meeting was important in order to discuss and make decisions on schools budgets.

CHAIRMAN

TO: SCHOOLS FORUM
DATE: 15 JANUARY 2015

**UPDATE ON COST PRESSURES BEING EXPERIENCED ON SUPPORTING
HIGH NEEDS PUPILS AND PROPOSALS FOR THE 2015-16 BUDGET**
Director of Children Young People & Learning

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Schools Forum on the current cost pressures being faced in respect of High Needs Pupils, the actions proposed to manage cost increases and to seek agreement that recommendations are made to the Executive Member for Children, Young People and Learning in respect of budget changes to be made for 2015-16 that will result in a balanced budget.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 **The latest forecast over spending in 2014-15 for SEN related budgets at £1.557m, an increase of £0.464m compared to that expected in August (paragraphs 5.9 and 5.10);**
- 2.2 **The main factor contributing to the increased costs remains unchanged and relates to additional numbers of post 16 students (paragraph 5.9);**
- 2.3 **The Education Funding Agency has allocated insufficient funding to LAs to meet their new responsibilities and Buckinghamshire County Council is in the process of commencing a legal challenge (paragraphs 5.11 and 5.54);**
- 2.4 **The expected on-going trend indicates future cost increases on external SEN places from £5.966m in 2014-15 to £7.460m in 2017-18 if no action is taken (paragraph 5.23 and Annex 2);**
- 2.5 **The funding strategy proposed to manage down future cost pressures (paragraphs 5.27 to 5.48);**
- 2.6 **That the DfE has commenced a review of High Needs Block DSG allocations and that future changes to funding may result (paragraph 5.55);**

In response to the Council's budget proposals for 2015-16, the Schools Forum RECOMMENDS to the Executive:

- 2.7 **That in order to achieve the significant cost reductions required on SEN budgets, £0.06m of new funding be provided by the Council to finance the additional staffing resources required in the SEN Team (paragraph 5.49);**
- 2.8 **That to ensure a net nil cost increase in Council spend, that the Schools Budget finances an additional £0.06m of educational fee costs in respect of Looked After Children (paragraph 5.50);**

The Schools Forum RECOMMENDS to the Executive Member for Children, Young People and Learning to AGREE the following:

- 2.9 The release of the £0.490m of funds from the SEN Resource Units Reserve from January 2015 to finance start-up costs at Rise@Garth (paragraph 5.32);**
- 2.10 The medium term budget plan for Rise@Garth, subject to annual review (paragraph 5.33 and Annex 4);**
- 2.11 The use of £1.938m of Schools Block DSG in 2015-16 to support High Needs pupils on the items covered in this paper (paragraph 5.52).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 The Council has a new statutory duty to provide education provision from 0-25 years of age, to be funded from the Schools Budget. Insufficient resources have been allocated from the Education Funding Agency (EFA) to finance liabilities, and in particular, cost pressures on the Post 16 budget, which will continue to increase if it is not taken under control and systems and processes are put in place to reduce the spend.
- 3.2 Budget proposals are therefore being made to allow for statutory duties to be met and a balanced budget set for 2015-16, with a range of actions underway that are designed to reduce current and future costs.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

Education Funding Reform

- 5.1 Changes in arrangements for Post 16 education introduced by the Government from April 2013 have resulted in Local Authorities (LAs) becoming responsible for both the commissioning of provision, and the funding of additional support for children and young people with Special Educational Needs (SEN) costs above the national threshold of £10,000 up to the age of 25 i.e. the end of the academic year in which they achieve their 25th birthday.
- 5.2 Previously, statements of pupils with SEN ceased once they left school or at age 19 and there was no further responsibility on the LA's educational services. Complex funding arrangements were in place, led by the EFA who held overall budgetary responsibility.

New implications from the Children and Families Act 2014

- 5.3 In September 2014, the new Children and Families Act 2014 came into force. Key aspects of the new Act related to supporting students with SEN up to the age of 25, via the use of a legally enforceable document called an Education Health Care Plan (EHCP), which will replace SEN Statements over the next three years. Historically, the process for a pupil progressing to Further Education (FE) was for a local mainstream college assessment to be undertaken to determine whether there was suitable local mainstream provision available to meet the pupil's need. If the local mainstream college is unable to meet the pupil's needs, parents could then express a preference for an alternative

independent specialist provision (ISP) which may be a local day placement or a more distant residential specialist placement. Up until April 2013, the LA had not been responsible for the placement decisions nor the associated funding commitments attached to such placements.

- 5.4 In practise, the historic arrangement of the EFA funding post-mainstream placements has established a parental expectation that at least 3 years of funding for high cost residential independent specialist college provision for a complex High Needs pupil could be freely accessed. Furthermore, students who remained in school on a statement up to age 18/19, would have placement requests considered by Adult Social Care Services when moving on and be supported by that service and the EFA.
- 5.5 New EHCPs will provide a joint assessment of needs and also the provision to be made by each of the involved statutory agencies, supported by a joint commissioning requirement placed on the services. The new SEN Code of Practice (CoP) gives guidelines on how joint commissioning should be undertaken in the best interests of the young person.
- 5.6 Educational entitlement has also been clarified within the new CoP. These are for access to educational provision up to Level 3 up to age 19 for non SEN pupils, and up to age 25 for SEN pupils. This will therefore require the LA to make preparations and to possibly fund educational placements up to age 25 for pupils with an EHCP. This provision is only required if it is identified as an intended outcome on the EHCP and that education courses are appropriate which will not always be the case.
- 5.7 It is important to emphasise that these new arrangements are not an automatic entitlement for education up to age 25. The extended provision is subject to actual and predicted progress in learning. This will therefore require a significant change to the basis on which initial and continuing placements are agreed to by the LA, in order to ensure that EHCPs are only continued if it is deemed necessary to support continued learning and academic progress. It is clearly an important piece of work to look at career progression and preparing young people with pathways into employment.
- 5.8 In particular, this will be an issue in respect of High Needs pupils aged 19+ who cannot be employed or live independently. Some current 'educational' placements that were initiated under the old governance of the EFA, are arguably focussed on life and social skills development rather than educational outcomes. Therefore it is critically important for the LA to clarify and agree realistic educational and vocational outcomes for all current ISP placements, in order to ensure effective and efficient use of SEN funding is maintained equitably across all age groups 0-25.

2014-15 Cost forecasts

- 5.9 An update on 2014-15 cost estimates of services supporting SEN pupils was presented to the Forum in October, based on August data. This reported a forecast over spend at the end of August of £1.093m with 2 significant factors accounting for the difficulty; the £0.282m reduction in High Needs Dedicated Schools Grant (DSG) funding from the 2013-14 level; and a £0.949m forecast over spending on external placements as a result of increased student numbers, in particular those in post 16. The report also indicated that this overspend would be on-going and that it was likely that a request would be made to transfer at least £1m of 2015-16 Schools Block DSG to cover these statutory cost pressures. This possible transfer was made in the knowledge that the Schools Block DSG would increase by £1.5m through the *Fairer Funding for Schools in 2015-16* initiative and around a further £1m from general growth in pupil numbers of at least 250.

Unrestricted

- 5.10 The latest forecast budget information, as at the end of November, indicates that the cost of supporting SEN pupils will now be £1.557m, an increase in over spend of £0.464m. Whilst there has been a reduction of £0.142m on costs forecast for SEN pupils in maintained schools, those in private, independent and voluntary sector settings have increased by a further £0.663m. The change mainly reflects having more up to date information on where students would be placed at the start of the new academic year. This has also identified a number of students that were not included on previous cost forecast, most notably in relation to post 16 students. There have also been changes due to the volatile nature of the client group and on-going negotiations with providers, most notably Post 16 ISPs or FE Colleges.
- 5.11 In terms of funding made available for post 16 students, the budget transferred from the EFA to LAs in 2013/14 to meet these commitments was based on 2011/12 pupil numbers and associated funding allocations. On a national scale, demand for Post 16 placements far outstripped the EFA's predictions which the budgets were based on, with a 40% increase in budget costs being seen. This was mirrored in Bracknell Forest with the allocated budget being less than the commitments already identified for 2013/14.

Historic Trend

- 5.12 Before becoming responsible for Post 16 learners in education in 2013, the historic trend for the LA had been to place in the region of 85 students per year, at a cost of around £49,000 per student. The figures below indicate the increase in placements the LA has been responsible for over the past 4 years, whilst also showing the increase in student numbers since April 2013, when financial responsibility was passed over from the EFA.

<u>Financial Year</u>	<u>No of Placements</u>	<u>Average cost</u>	<u>Total expenditure</u>
2011-12	82	£49,042	£4,029,353
2012-13	91	£49,866	£4,534,810
2013-14	126	£37,390	£4,711,408
2014-15	163	£36,677	£5,965,983

- 5.13 It must be noted that current and future cost figures forecast throughout this paper may be subject to change due to the volatile nature of the client group and on-going negotiations with providers, most notably Post 16 ISPs or FE Colleges.
- 5.14 It should also be noted that the above figures indicate a reduction in average placement costs since 2013. This can be explained by two factors; one being that from 2013 the EFA pays £10,000 per place cost directly to providers whereas prior to this, LAs paid the full cost; the second reason being that most FE placement costs are usually a total of £18,000, therefore only leaving an average of £8,000 per placement to be paid for by the LA. This therefore reduces the total average placement costs further.
- 5.15 Table 1 below summarises total spend on meeting High Needs students with SEN across the age range of 4-25, in line with the new requirements in the Children and Families Act 2014 to ensure learners are supported up until 25. The changes in EFA arrangements can be identified as the increase in FTE placements for ages 16-25. Annex 1 provides more detail of costs by student age.

Table 1: Summary spend on external SEN placements 2011-12 to 2014-15

	Pre 16			Post 16			Total		
	Nos. fte	Cost		Nos. fte	Cost		Nos. fte	Cost	
		Total £m	Average £k		Total £m	Average £k		Total £m	Average £k
2011-12	55.9	£2.532	£45.3	26.3	£1.497	£57.0	82.2	£4.029	£49.0
2012-13	62.3	£2.853	£45.8	28.7	£1.682	£58.7	90.9	£4.535	£49.9
2013-14	59.8	£2.504	£41.9	66.2	£2.208	£33.4	126.0	£4.711	£37.4
2014-15	57.1	£2.510	£44.0	105.5	£3.455	£32.7	162.7	£5.966	£36.7

Future forecast numbers of High Needs Students

- 5.16 Annex 1 highlights the recent increase in costs incurred for post 19 learners, students who the LA were not financially responsible for until April 2013. Costs for the Post 16 sector of education can therefore be expected to rise over the next 3-5 years whilst current learners receiving support on SEN Statements move through the system, where historically they would have ceased being an LA responsibility when moving into the FE sector. There is also the expectation that more students will emerge in line with the growing population, with a forecast annual increase of around 2% per annum in those with high needs above the £10,000 threshold requiring an external placement.
- 5.17 It should be noted that whilst the EFA will fund the first £10,000 of each placement, it is on a lagged basis, annually in arrears, meaning funding is not sufficient in times of increases in student numbers, as is the current position, meaning LAs have to purchase additional places from providers at up to £10,000 premium. This means that accurate forecasting must be undertaken yearly by the LA to ensure it is known and planned for in respect to where future SEN pressures will arise. This will require more strategic management planning to be undertaken by the LA, working in direct partnership with the providers, to ensure these future forecasted pressures are accommodated as far as possible. In doing so, the LA will be able to benefit from significantly lower placement costs at local FE provision, rather than placing in much higher costing ISP placements.

Financial Impact of the Children and Families Act 2014

- 5.18 As already mentioned above, the Children and Families Act requires SEN learners to be supported by their LAs up until the age of 25. Due to the LA being financially responsible for students within the FE sector, the LA must make provision to cover these liabilities. The LA will make every effort to transition young people from an education pathway to employability and training pathway through the NEET co-ordinator when that provision is identified as an outcome on the young person's Education, Care and Health Plan.
- 5.19 It should also be noted that as a consequence of the LA now being required to support learners up to the age of 25, there will no longer be a natural "fall off" of statement numbers due to pupils leaving mainstream schooling. Historically the LA would naturally see statements lapsing or being ceased as a pupil with a statement left mainstream schooling and entered the FE sector. Last year the LA issued 45 new statements, but saw 63 statements naturally lapse as the pupils moved into the FE sector. This therefore had the net effect of seeing a reduction of 18 statements. As of this academic year, statements will no longer be allowed to lapse due to the new Act, and all pupils moving in to FE will continue on an EHCP, thereby continuing to increase the number of pupils the LA is responsible for, and have a much more open ended gradual decrease in total numbers as pupils stay supported in education or learning up to 25.

Budget Forecasting

- 5.20 In order to ensure that any potential budget pressures in future years are known in a timely fashion, good estimates of costs should be identified at the earliest opportunity. Current total forecast spend on external SEN placements is £5.966m for 2014-15. As set out above, it should be expected that this will increase over the next 5 years, even if all factors remain the same and all students continue within their current placements with no changes in placement cost, as it is inevitable that new High Need placements will be required. It should also be expected that there will be more new placements made than statements ceased due to the requirement to support SEN learning up until 25. The LA will work closely with young people and their parents/carers to plan appropriate pathways into employment and training; this will be planned as part of a young person's transition review and will have the effect of ensuring young people receive the correct services and education costs to the Schools Budget are no higher than necessary.
- 5.21 In terms of funding received from the EFA for High Needs Pupils, provision has been made for a small increase in funds each year. However, this has proved insufficient to meet growth in pupil numbers. Up until 2014-15, the approach adopted by the EFA has been to fully fund providers the number of places at £10,000 each LA has forecast as being required in the next academic year. To remain broadly in line with existing funding allocations, this has been financed by an equivalent deduction for each individual LAs High Needs Block DSG. Therefore, if an LA has more places funded from one year to the next by the EFA, this is effectively paid for by taking the increased cost away from that LA. Any money remaining after this process is then allocated on a per pupil basis to all LAs. In the last 2 years, the EFA has been funding LAs at around £5,000 to pay top-up for each additional pupil, whereas the reality in BF is that average top-up payments are £36,700. For 2014-15, the BF High Needs Block was reduced by £0.411m for places that the EFA would in future fund, with £0.129m extra allocated from general growth to pay additional top-ups, resulting in the net £0.282m reduction in DSG funding.
- 5.22 Moving into 2015-16, the EFA will be funding LAs for high needs places on a lagged basis annually in arrears, based on September 2014 student numbers. This means that there should be a similar amount of deduction from the DSG for the places EFA will pay for BF students. However, in reality there will be increases in student numbers from this census point to the end of 2015-16 financial year, the period that the allocated funding will need to be used for. This is initially assumed to be around 20 places at a cost of £0.2m.
- 5.23 In the last 2 years, BF has received an annual increase in DSG of around £0.1m from the growth in the overall national funding for High Needs students. The assumption at this stage therefore is for additional income of £0.1m in future years. Table 2 below shows a summary of current and forecast spend on external SEN placements, with more detail shown at Annex 2.

Unrestricted

Table 2: Current and forecast spend on external SEN placements

	Pre 16			Post 16			Total		
	Nos.	Cost		Nos.	Cost		Nos.	Cost	
		Total £m	Average £k		Total £m	Average £k		Total £m	Average £k
2014-15	57.1	£2.510	£44.0	105.5	£3.455	£32.7	162.7	£5.966	£36.7
2015-16	54.9	£2.099	£38.2	112.0	£4.285	£38.3	166.9	£6.384	£38.3
2016-17	59.8	£2.350	£39.3	129.9	£4.595	£35.4	189.7	£6.945	£36.6
2017-18	60.8	£2.389	£39.3	140.8	£4.921	£34.9	201.6	£7.310	£36.3
Change 2014-15 to 2017-18							38.9	£1.344	-£0.4

NB. The figures in Table 2 show gross costs, so include the estimated impact from purchasing additional places that the EFA will not fund, but exclude the anticipated additional DSG of around £0.1m per annum.

5.24 Table 2 above illustrates the potential future SEN placement costs with the key assumptions being:

- Pre 16 numbers: to in future be in line with average for the last 4 years, with 9.8 fte per year group at 2015-16 average cost of £39,295.
- Sixth Form numbers: average for the last 4 years is 28 places, but with significant increase in 2014-15 to 45. Assume 20 per year group at 2 year average 2014-16 cost of £42,970.
- 18+ numbers: to be in line with 2 year average of 2014-16 of 12.1 fte per year group at average cost for the same period of £29,780.
- A provision to self-fund the cost of 20 £10,000 places: to reflect an anticipated shortfall on those funded by the EFA through the lagged head count funding basis together with an element of contingency funding for in-year changes.
- Additional High Needs Block DSG of £100,000: each year to reflect the level of additional resources allocated in the last two years to BFC.

In addition, other changes assumed in the costing model are:

- A higher proportion of students aged 17 plus will in future be moved into employment or undertake shorter education courses i.e. will not stay in education to 25. The assumption is that from April 2015 there will be an average of 1 less student from age 17 onwards.
- To reflect the anticipated growing population, there will be a 2% per annum increase in placements. This equates to 3 extra students.

It can be seen that gross costs to be financed are forecast to increase by £1.344m (23%) between 2014-15 and 2017-18 and student numbers by 38.9 (24%).

5.25 The summary budget effect anticipated in 2015-16 is set out below in Table 3 and indicates a funding shortfall of £2.168m.

Table 3: Estimated 2015-16 funding shortfall on external SEN placements

	Total £m
Estimated spend on external placements	£6.384
Add pressure from reduction in 2014-15 DSG	£0.282
Less additional DSG Income	-£0.100
Net costs to finance	£6.566
Current budget	£4.398
Estimated funding shortfall	£2.168

Management actions

- 5.26 Clearly, the current budget situation is unsustainable and a range of measures need to be taken to reduce existing costs and the increases anticipated in the future with current plans set out below in the following paragraphs.
- 5.27 Due to legislation in place, it must be considered that all current placements will continue unless the placement is no longer necessary to meet need or the young person does not wish to remain in learning. In order to therefore ensure that financial pressures are reduced over time whilst also ensuring student needs are being met effectively, close monitoring and reviewing must be undertaken.
- 5.28 Current budget forecasting indicates that there is a potential for over £0.4m of budget underspend on other SEN and Targeted Services budgets. An initial review of these budgets, plus other budgets outside placements that are expected to continue to over spend, indicates that savings in the region of £0.2m can be achieved and this is the current budget assumption, which reduces the net funding shortfall on High Needs pupils from that shown above at Table 3 to £1.968m.
- 5.29 These net savings of £0.2m will need to be firmed up in the coming months with specific proposals due to be presented to the Forum in March. Annex 3 sets out the budget areas outside external placements where on-going savings / additional costs are currently envisaged where budget adjustments are expected to be required.
- 5.30 As previously reported, the most significant impact on reducing spend on high needs pupils would be to increase the number of available places in maintained provision. The Council is seeking to achieve this by developing a 56 place Autistic Spectrum Disorder (ASD) pupil facility by converting the existing vacant building on Eastern Road through use of DfE capital grants with phased opening planned from September 2015. A further 40 SEN places are planned for the Education Village at Blue Mountain, and these will cater for a different SEN need, with 10 places expected to be available from September 2017.
- 5.31 On the basis of provisional calculations of revenue running costs for the ASD facility, which indicated that once fully open could generate annual savings on placements of over £0.5m, the Forum agreed that this project would be a high revenue budget priority. It was recognised at this time that the general expectation was that pupils would not be moved immediately from their current placements as their current provider is normally named in the statement of SEN, meaning it will take up to 7 years for the facility to be fully open through the admission of 8-10 students a year. The financial impact of this is that savings from future payments to external providers would not be realised in full

straight away, but would also be phased over a 7 year period. Therefore, during the short term, with relatively low numbers of pupils on roll at Eastern Road, and on-going payments being made to external providers, there will be a net additional cost.

- 5.32 To help finance the development of new SEN Resource Units, the Forum agreed that £0.5m of accumulated surplus balances in the Schools Budget could be set aside in an Earmarked Reserve to help finance potential building adaptation and start-up costs. To date, £0.01m has been spent on developmental costs, meaning £0.490m remains unspent. The Forum is recommended to agree that the balance of this Reserve is released from January 2015 until the unit is self-financing, which is currently projected to be from 2018.
- 5.33 Agreement has subsequently been reached with Garth Hill College to manage the facility, to be called Rise@Garth, and more detailed budget plans have now been worked up which confirm the original expectation of long term savings in excess of £0.5m and Annex 4 sets out the summary budget plan and key data with line 27 forecasting savings of £0.582m once fully open. Key features and assumptions of the costing model include:
- An anticipated 5 BFC resident students placed each year, with up to 5 more from other Local Authorities. Students from other LAs will generate sufficient income to cover costs and a premium contribution to the development of the facility - £6,000 per place for the first 2 years, then £3,000 per place for 2 more years before being charged at the standard cost (lines 2 and 3).
 - A budgeted occupancy rate of around 80%, but with the aim of achieving full capacity (line 6).
 - An assumption that the DfE will fund each place at the national specialist provider rate of £10,000 (line 21).
 - Underlying cost per place of £23,000 compared to a current average cost of £41,000 in a private, voluntary and independent sector setting (line 23).
 - Early recruitment of a Head of Centre from April 2015, plus other pump priming in the first two years, from January 2015, for a range of premises and supplies and services costs to maximise the potential for a successful launch of the new facility.
 - Central management of budgets for specialist cognitive behaviour, occupational and speech and language therapies to support students through extension of existing contracts (line 18).
 - A general underlying contingency for unforeseen costs / unachieved income of 10% (line 15).

The Forum is recommended to agree the medium term budget plan at Annex 4, which will be subject to annual review until the unit is properly established.

- 5.34 As set out above, the original budget plan for Rise@Garth assumed that £10,000 per place funding would be provided and this is still the overall expectation. However, DfE have now confirmed that this will be paid on a lagged basis, annually in arrears. Discussions are on-going with the DfE to fund this in 2015-16 and other pressures on additional places at Bracknell and Wokingham College. This has not been rejected by the DfE and is being re-considered, with a decision expected no later than 23 January. The current budget assumption is that place funding will be allocated annually in arrears, which will require an additional £0.055m to be paid into the SEN Resource Unit in each of the next 2 years. This transfer is included on the 2015-16 budget proposals included on a separate agenda item.
- 5.35 In terms of the estimated overall financial effect from this project, rows 27 and 28 of Annex 4 show the net annual and cumulative cost / saving respectively with maximum

annual savings forecast at £0.582m. Row 29 shows that the cumulative start-up costs are expected to total £0.623m.

- 5.36 An accurate budget plan has yet to be developed for the SEN facility at Blue Mountain, but again, there is an expectation of additional start-up costs in the short term before savings are generated over the medium to long term. These savings will be lower than that anticipated for Rise@Garth due to fewer students and a lower existing average cost of education compared to ASD.
- 5.37 These developments are expected to have the most significant impact on future cost reductions. It must be noted that the financial impact anticipated from the new SEN Units have been excluded from the cost forecasts in Tables 2 and 3 as they will make a financial impact after 2017-18. Adjustments to the medium term costing model will be made as the financials are firmed up.
- 5.38 Following discussions with local FE colleges, it is clear that there is a high need to develop SEN provision with the colleges. It has been identified that FE colleges are currently not equipped nor trained to a suitable level in order to take on general SEN provision needs, when compared with maintained schools. This is likely to be due to FE colleges having no historic requirement to follow the SEN Code of Practice until the Children and Families Act came into force in September. It is therefore critical that the LA supports the local FE colleges to create and develop SEN provision with immediate effect in order to build up provision in line with the LA's need for Post 16 SEN provision.
- 5.39 A significant amount of work is being undertaken to set up co-working between MacIntyre (specialist education and support provider) and our local FE college in order to support learners with complex behavioural needs who would otherwise need to attend a specialist residential placement out of area. This has also involved joint discussions with other LAs, meetings and observations of other FE colleges who use MacIntyre and extended meetings with the local FE college, MacIntyre and parents to ensure that needs can be met effectively.
- 5.40 The cost to the LA is still relatively high, but the expectation is that this reduces significantly over time as the amount of specialist support reduces and an increase in the skills and capacity within the college is evidenced.
- 5.41 The cost of supporting one learner with MacIntyre in the FE sector is approximately £35,000 per annum – excluding EFA payments. If this same learner were to attend a residential specialist provider out of area, the expected cost would be approximately £60,000 for education, as well as a further £78,000 for the residential provision as it would not be possible to transport the learner on a daily basis. This represents a saving of £103,000 per learner per annum in the first academic year of their 3 year course. This saving would then increase exponentially over the remaining years of the course as skills in the FE college increase, instead of the cost to the LA remaining the same for a 3 year period in a residential college.
- 5.42 Further savings could also be expected if economies of scale could be seen, with multiple learners accessing the same local provision at one time. Work is being undertaken with local FE colleges to increase their capacity and ability to take larger groups of learners with high support needs in the future. This includes those with Visual Impairment and Hearing Impairment as well as young people on the autism spectrum on mainstream courses. Historically, the local FE college in Bracknell has not provided courses for young people with learning difficulties. There is however, a course now established and increasing in numbers year on year and is gaining a good reputation, but further support for the college is required for it to be a competitor with long standing FE provision at neighbouring FE colleges, which still attract Bracknell Forest resident

learners, which in turn incurs additional transport costs to the LA. Work to identify employment and training pathways will also need to be undertaken by the NEET co-ordinator. This would have an impact on the numbers of young people requiring education placements.

- 5.43 Investigative work is currently being undertaken in Profound and Multiple Learning Difficulties provision, where there is a shortage locally. Young people coming through from the LA's local maintained special school will have more complex needs in the future and initial work and observation of good practice has been started with the local FE college to increase capacity for this learner group. Again, if successful, this will deliver better outcomes for students and cost reductions / avoidance.
- 5.44 To ensure that SEN services and placements are commissioned appropriately and at the lowest financial cost, additional managerial time capacity has been released. Over the past 18 months the LA has seen 17 tribunal appeals lodged against the LA. This was the same total of appeals recorded from 2008 – 2012. This area of work is of considerable financial concern to the LA, and is only likely to increase due to the legal changes brought in by the Children and Families Act 2014. Over the past year, a potential of £300,000 financial liability has been saved by opposing appeals lodged against the LA. This work has also placed additional burdens on the Education Psychology Team.
- 5.45 With many SEN cases being complex in nature and need, they can be overseen by not only the SEN team, but also have input from Children Social Care, Adult Social Care and even Health Authorities. Some cases are therefore often identified to have joint funding responsibilities with other services outside of SEN. Work is required here to ensure that all partners are making the right contribution.

Staffing capacity

- 5.46 Staff capacity is considered inadequate to meet the additional demands on the service from the legislative changes and from the perspective of effective placement management for cost reduction and avoidance as set out directly above. These responsibilities fall on the LA to fund and not the Schools Budget. For the past 2 years, an additional post has been financed on a temporary basis which helped support some of the actions set out above, but has now been removed.
- 5.47 There are currently 100+ Post 16 placements that need annually reviewing and monitoring to ensure the current placement is meeting needs, as well as keeping the costs of these placements under review for the following year's placement.
- 5.48 It is also essential for the LA to attend all Year 10 reviews for students with SEN, which equates to on average an additional 70 reviews per annum, in order to ensure the transition into Post 16 is coordinated effectively and that appropriate education, training and employment pathways are identified. This also allows the LA to identify any potential students that may require ISPs, ensuring that all possible alternatives are looked at to minimise expenditure.
- 5.49 To adequately support all of the planned actions would cost around £0.06m and options are being considered as to whether all these initiatives and desired work streams can be delivered. In response to the Council's budget proposals for 2015-16, as set out on another agenda item, the Forum is recommended to propose a request is made that the Council agrees £0.06m additional funding be provided for this purpose as it is outside the permitted use of the DSG.
- 5.50 In considering the council's own significant, on-going financial difficulties, it is unlikely that this newly requested expenditure could be agreed. However, a way of potentially

securing funding for the work identified as key to future SEN cost reduction could be through a funding swap on expenditure that can often apply equally in the Schools Budget or LA Budget. Primarily this relates to educational fees, with the most appropriate area relating to Looked After Children (LAC) where it is often the case where providers deliver education and social care services to young people but where the cost is not always accurately broken down between the different component parts. A review of such expenditure indicates that around £0.03m of costs supporting LAC with statements is eligible for High Needs Block DSG funding, and another £0.03m for LAC without statements is eligible for Schools Block DSG funding. In order to maximise the potential for future cost reductions on High Needs Pupils, the Forum is recommended to agree this £0.06m funding swap which would be financed by reducing the provision for purchasing unfunded places from 20 to 14.

- 5.51 The financial effect of the funding swap is set out below in Table 4. None of these adjustments are reflected in any other tables or annexes of this report and as such, stand alone.

Table 4: Estimated 2015-16 funding shortfall on external SEN placements

	Total £m
Estimated funding shortfall from Table 3	£2.168
Less estimated savings (paragraph 5.28)	-£0.200
Shortfall on external placements	£1.968
Add additional costs of LAC with SEN	£0.030
Less reduction in provision for places (20 to 14)	-£0.060
Estimated funding shortfall on HNB	£1.938
Add additional costs LAC without SEN	£0.030
New pressure on Schools Block	£0.030

- 5.52 The Forum is therefore recommended to agree that the initial 2015-16 budget assumes a £1.938m funding transfer from the Schools Block DSG to finance these statutory SEN costs. The full budget strategy and proposals for 2015-16 are included on a separate agenda item. This overall budget paper item includes further proposals for funding adjustments between the Schools and High Needs Blocks.

Position in other LAs

- 5.53 A review of the High Needs budget position across Berkshire has identified that from the two responses received, one authority is forecasting a £1.9m over spend, with another indicating a significant, unquantified over spend.
- 5.54 Clearly, the financial difficulty being experienced in BFC is not unique with Buckinghamshire County Council proposing a legal challenge around the funding methodology and decision making process of the DfE in this matter. This could result in a Judicial Review, and further developments are awaited on this.

DfE review of High Needs DSG funding

- 5.55 The Government have recently launched a major review of High Needs funding arrangements with the objective of reporting to the next Government on options for a better distribution of high needs funding from May 2015. The review documentation acknowledges that “we will not have a completely fair education funding system until we also reform the redistribution of funding for pupils with high cost SEND.”
- 5.56 A call for evidence has been launched, which is open until end of February. This is a commitment from the Government to a major policy review in an area which is of significant concern to the Council:

Next steps

- 5.57 The issues set out in this paper require significant changes to budgets and a range of recommendations are made to allow for a balanced budget for 2015-16 to be set which the Forum is requested to approve. Progress against the required actions and the potential impact from other external factors, such as the Buckinghamshire County Council legal challenge and the High Needs funding appraisal proposed by the DfE will need to be kept under review.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The general legal provisions are contained within the main body of the report. On the specific question of the full extent of educational provision which has to be made up until aged 25 this is likely to be the focus of highly contested litigation in the coming years. The funding formula and methodology for funding post 16 education is to be the subject of a legal challenge by Buckinghamshire County Council. Buckinghamshire wrote to the Government Department responsible for education in early December setting out their intention to instruct leading counsel to challenge the funding formula if specific questions were not resolved to Buckinghamshire’s satisfaction.

Borough Treasurer

- 6.2 The relevant financial implications are set out in the supporting information and the recommendations made form an integral part of setting a balanced budget for 2015-16 and securing future savings against the cost of supporting High Needs pupils. Full budget proposals for 2015-16 are set out on the accompanying agenda item on the Schools Block Budget

Equalities Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 The most significant risk facing the Council is the impact of the overspend on the Schools Budget and how that impacts on individual schools with money needing to be diverted to support high needs pupils. There is a greater risk to schools falling into Ofsted categories with less funds available to support school improvement.

This is a volatile budget and fluctuations can occur with late identification of needs or children/young people moving into the authority with a high level of need. There are no

Unrestricted

funds remaining in the Schools Budget to manage any significant in year cost increases which if occur, may ultimately need financial support from the council or future budget reductions to schools.

- 6.5 If the additional staffing is not provided the work to get the post 16 under control and any associated savings opportunities is likely to be lost.

Background Papers

None.

Contacts for further information

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Doc ref: G:\Executive\Schools Forum\70 150115\SEN Cost Pressures.doc

Historic and current forecast SEN cost by age – as at November 2014

Age	2014-15			2013-14			2012-13			2011-12		
	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average
4	0.0	£0	£0	0.0	£0	£0	0.4	£7,410	£18,652	1.6	£17,546	£11,060
5	0.0	£0	£0	0.0	£0	£0	0.7	£7,990	£11,952	0.0	£0	£0
6	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0	1.0	£41,379	£41,264
7	0.9	£56,682	£61,206	0.0	£0	£0	1.0	£53,408	£53,405	0.2	£9,942	£41,234
8	0.0	£0	£0	0.8	£35,090	£42,268	1.0	£30,094	£30,093	1.1	£57,492	£52,855
9	1.8	£69,275	£37,850	3.5	£108,323	£30,936	3.2	£194,500	£60,934	1.1	£34,865	£33,052
10	6.6	£268,874	£40,434	4.0	£215,685	£53,918	2.4	£104,616	£43,990	3.2	£141,360	£44,211
11	4.0	£215,685	£53,918	2.9	£133,199	£46,477	4.6	£200,874	£43,849	8.8	£355,274	£40,547
12	5.7	£324,806	£56,694	6.0	£222,287	£37,097	16.0	£731,544	£45,837	5.8	£263,754	£45,753
13	7.0	£247,270	£35,322	17.3	£673,273	£38,943	5.0	£246,496	£49,055	10.8	£470,337	£43,603
14	18.9	£767,987	£39,651	7.7	£314,452	£40,989	14.2	£682,887	£47,949	9.7	£394,811	£40,637
15	12.1	£559,914	£46,193	17.7	£801,207	£45,351	13.8	£592,720	£42,855	12.7	£745,131	£58,751
16	21.2	£953,392	£44,899	17.5	£791,433	£45,325	15.0	£863,191	£57,543	10.8	£541,272	£50,294
17	23.7	£886,189	£37,427	12.4	£589,100	£47,364	6.6	£330,094	£50,157	5.8	£323,246	£55,337
18	13.6	£499,579	£36,784	9.0	£281,380	£31,271	3.2	£154,862	£47,657	6.2	£296,912	£48,142
19	11.3	£310,741	£27,508	7.3	£189,111	£25,736	3.0	£215,968	£71,986	3.3	£311,267	£95,548
20	10.7	£293,869	£27,396	8.1	£211,351	£26,211	0.8	£118,155	£141,856	0.2	£24,766	£99,331
21	9.4	£278,535	£29,751	8.6	£123,164	£14,355						
22	11.5	£193,327	£16,812	2.6	£7,317	£2,772						
23	3.6	£35,065	£9,792	0.0	£0	£0						
24	0.0	£0	£0	0.7	£15,034	£22,779						
25	0.6	£4,791	£8,249	0.0	£0	£0						
	162.7	£5,965,983	£36,677	126.0	£4,711,408	£37,390	90.9	£4,534,810	£49,866	82.2	£4,029,353	£49,042
<i>Pre 16</i>	57.1	£2,510,494	£371,271	59.8	£2,503,518	£335,979	62.3	£2,852,540	£448,569	55.9	£2,531,890	£452,966
<i>Post 16</i>	105.5	£3,455,489	£238,618	66.2	£2,207,890	£215,813	28.7	£1,682,270	£369,199	26.3	£1,497,463	£348,651

Current and forecast spend on external SEN placements

Age	FORECAST AND ACTUAL 2014-15			FORECAST 2015-16			FORECAST 2016-17			FORECAST 2017-18		
	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average	fte	Cost	Average
4	0.0	£0	£0									
5	0.0	£0	£0	0.0	£0	£0						
6	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0			
7	0.9	£56,682	£0	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0
8	0.0	£0	£0	0.9	£56,682	£61,206	0.0	£0	£0	0.0	£0	£0
9	1.8	£69,275	£37,850	0.0	£0	£0	0.0	£0	£0	0.0	£0	£0
10	6.6	£268,874	£0	4.1	£115,416	£28,453	9.8	£385,095	£39,295	9.8	£385,095	£39,295
11	4.0	£215,685	£53,918	5.1	£189,656	£37,538	10.8	£424,390	£39,295	10.8	£424,390	£39,295
12	5.7	£324,806	£56,694	8.4	£371,615	£44,444	9.8	£385,095	£39,295	10.8	£424,390	£39,295
13	7.0	£247,270	£35,322	9.9	£401,448	£40,520	9.8	£385,095	£39,295	9.8	£385,095	£39,295
14	18.9	£767,987	£40,712	12.6	£431,902	£34,215	9.8	£385,095	£39,295	9.8	£385,095	£39,295
15	12.1	£559,914	£46,193	14.0	£532,420	£42,264	9.8	£385,095	£39,295	9.8	£385,095	£39,295
16	21.2	£953,392	£44,899	16.1	£735,405	£45,636	20.0	£859,400	£42,970	20.0	£859,400	£42,970
17	23.7	£886,189	£37,427	20.2	£914,210	£45,182	20.0	£859,400	£42,970	20.0	£859,400	£42,970
18	13.6	£499,579	£36,784	20.9	£1,006,570	£48,080	12.1	£360,338	£29,780	12.1	£360,338	£29,780
19	11.3	£310,741	£27,508	13.2	£454,269	£34,513	12.1	£360,338	£29,780	12.1	£360,338	£29,780
20	10.7	£293,869	£27,396	9.8	£303,847	£31,012	13.1	£390,118	£29,780	13.1	£390,118	£29,780
21	9.4	£278,535	£29,751	8.0	£248,081	£31,093	12.1	£360,338	£29,780	13.1	£390,118	£29,780
22	11.5	£193,327	£16,812	10.6	£255,392	£24,136	12.1	£360,338	£29,780	12.1	£360,338	£29,780
23	3.6	£35,065	£9,792	10.0	£151,601	£15,159	13.1	£390,118	£29,780	13.1	£390,118	£29,780
24	0.0	£0	£0	3.2	£15,487	£4,898	12.1	£360,338	£29,780	13.1	£390,118	£29,780
25	0.6	£4,791	£8,249	0.0	£0	£0	3.2	£94,159	£29,780	12.1	£360,338	£29,780
Allowance for place purchases / contingency					£200,000			£200,000			£200,000	
Change in DSG 2015-16					-£100,000			-£200,000			-£300,000	
Net Total	162.7	£5,965,983	£509,308	166.9	£6,284,000	£568,348	189.7	£6,744,748	£559,952	201.6	£7,009,782	£559,952
Gross Pre 16	57.1	£2,510,494	£43,951	54.9	£2,099,137	£38,225	59.8	£2,349,863	£39,295	60.8	£2,389,158	£39,295
Gross Post 16	105.5	£3,455,489	£32,741	112.0	£4,284,862	£38,269	129.9	£4,594,885	£35,383	140.8	£4,920,624	£34,948
Gross cost		£5,965,983			£6,384,000			£6,944,748			£7,309,782	

2015-16 potential savings and pressures on SEN budgets outside external placements

Description	Variance Forecast at November 2014 £
Element 3 top up funding to BF and other LA schools i.e. support costs above the £10,000 per pupil threshold set by the DFE	-199,000
SEN Tribunals	3,000
Medical support to pupils	34,000
Paediatric Occupational Therapy	-15,000
Support to Speech and Language	-10,000
Sensory Consortium	-40,000
Learning Support Services	-11,000
Traveller Education	-15,000
Home Tuition	14,000
Various staff, premises and resources	-16,000
Net potential savings on High Needs budgets	-255,000

Medium Term Budget Plan for Rise@Garth

Costed at 2015-16 outturn prices

Ref	January to August 2015	Sept 2015 to March 2016	2016-17	2017-18	2018-19	2019-20	2020-21 (Full year)
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Places and staffing - academic year data:

1	Projected Maximum No. of Learners	0	10	20	30	40	50	56
2	BFC resident	0	5	10	15	20	25	30
3	Other LA resident	0	3	6	8	11	14	16
4	Vacancy	0	2	4	7	9	11	10
5	Number occupied places in costing model	0	8	16	23	31	39	46
6	Occupancy rate	0%	80%	80%	77%	78%	78%	82%
7	Total No. of Teaching Staff (fte) (headcount)	1.00	3.00	4.00	6.00	8.00	10.00	10.00
8	Total No. of Learning Support Staff (fte) (headcount)	0.00	3.00	5.00	7.00	9.00	9.00	9.00
9	Total No. of Ancillary Support Staff (headcount)	0.00	3.00	4.00	5.00	5.00	5.00	5.00
10	Total all staff (fte) (headcount)	1.00	9.00	13.00	18.00	22.00	24.00	24.00

Financials - financial year data:

11	Staffing	£36,900	£185,300	£387,100	£528,200	£675,780	£794,100	£837,660
12	Premises	£0	£66,000	£159,900	£159,800	£157,400	£159,400	£160,500
13	Supplies & Services	£10,500	£28,400	£77,200	£90,200	£102,400	£127,300	£149,620
14	Transport	£250	£5,100	£12,250	£12,250	£12,250	£12,250	£12,250
15	Contingency at underlying 10%	£1,500	£35,000	£92,800	£96,900	£92,600	£107,800	£116,000
16	Total Income	£0	£500	£1,700	£2,800	£3,950	£5,150	£6,900
17	NET EXPENDITURE AT SCHOOL	£49,150	£319,300	£727,550	£884,550	£1,036,480	£1,195,700	£1,269,130
18	CENTRALLY FUNDED SPECIALIST THERAPIES	£0	£14,900	£51,200	£85,100	£118,400	£154,600	£207,000
19	GRAND TOTAL NET EXPENDITURE	£49,150	£334,200	£778,750	£969,650	£1,154,880	£1,350,300	£1,476,130

Income and charging

20	Cost per occupied place (financial year cost divided by 5\12 summer term numbers, 7\12 autumn term numbers)	£71,600	£62,000	£49,000	£42,000	£38,000	£32,000
21	Assume DfE place funding @ £10k per place annually in arrears	£0	-£33,300	-£126,700	-£200,900	-£276,700	-£460,000
22	Net cost to BFC (financial year: cost less DfE grant)	£383,350	£745,450	£842,950	£953,980	£1,073,600	£1,016,130
23	Net cost per place for LAs to fund	£83,000	£59,000	£42,000	£35,000	£31,000	£23,000
24	Estimated impact from 5 BFC non-LEA leavers @ £41,000	-£119,600	-£324,600	-£529,600	-£734,600	-£939,600	-£1,230,000
25	Estimated income from OLAs: assume on-going charge of £23,000 with premium of £6,000 for 2 years then £3,000 for 2 more years	-£51,000	-£138,000	-£186,000	-£254,000	-£293,000	-£368,000
26	Estimated saving / income from OLA	-£170,600	-£462,600	-£715,600	-£988,600	-£1,232,600	-£1,598,000
27	Net additional cost(+) / saving(-)	£212,750	£282,850	£127,350	-£34,620	-£159,000	-£581,870
28	Cummulative change	£212,750	£495,600	£622,950	£588,330	£429,330	-£152,540
29	Estimated draw down from SEN Resource Unit Reserve	£212,750	£282,850	£127,350	£0	£0	£622,950
30	Total available in SEN Resource Unit Reserve	-£489,784	-£55,000	-£55,000			-£649,784
31	Estimated remaining balance in SEN Resource Unit Reserve						-£26,834
32	Estimated on-going saving - annual				-£35,000	-£124,000	-£423,000
33	Estimated on-going saving - cumulative				-£35,000	-£159,000	-£582,000

TO: SCHOOLS FORUM

DATE: 15 JANUARY 2015

**PROPOSALS FOR THE 2015-16 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 2015-16 Schools Block element of the Schools Budget. The Forum is aware of the significant financial pressures on external placement costs for High Needs Pupils, which are now estimated at £2.168m for 2015-16. A key element of the budget proposals is that this pressure will need to be funded from the growth in Schools Block Dedicated Schools Grant (DSG), meaning that other than for increased pupil numbers and changes in pupil characteristics, no new funds will be available for distribution to schools.
- 1.2 Whilst an affordable 2015-16 budget is proposed that can be financed from anticipated new year income, there are insufficient funds to finance the 2014-15 forecast over spending of £0.295m which will need to be managed down in-year and a full recovery plan put in place.
- 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 although within the overall budget setting process, there are a number of areas that the Forum has responsibility for, and these are presented now for a decision.
- 1.4 There is a very tight timetable to meet, with views of the Schools Forum on the proposals being sought in advance of the 20 January deadline for submitting to the Department for Education (DfE) the actual Funding Formula for Schools to be used in 2015-16 with associated units of resource and total cost.

2 RECOMMENDATIONS

2.1 The Forum AGREES:

1. **that up to £0.06m of specialist school improvement and management support costs can be charged to the budget to support schools in financial difficulty to reflect actual levels of support being provided (paragraph 5.40);**
2. **that the requirement to hold £0.51m in general reserves as a contingency provision against unforeseen cost increases is waived one year for the 2015-16 budget (paragraph 5.42);**
3. **that the arrangements in place for the administration of central government grants are appropriate (paragraph 5.46);**

4. the budget amounts for each of the services centrally managed by the council and funded from the School Block DSG as set out in Annex 1 (paragraph 5.48);
5. that any year end deficit on centrally managed budgets, currently estimated at £0.295m can be carried forward and funded from a future Schools Budget (paragraph 5.49);

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 2015-16 Schools Budget:

1. the self-balancing budget adjustments set out in lines 3 and 4 of Table 2;
2. the £2.824m of additional resources are allocated to the budget areas set out in Table 2 as follows:
 - a. £0.929m into delegated school budgets including the release of £0.1m from the Job Evaluation Reserve to part finance the estimated cost of the Bracknell Forest Supplement (column 1);
 - b. a £0.098m deduction in centrally managed budgets (column 3);
 - c. £1.993m to support High Needs pupils (column 4)
3. that the budget for Schools Block DSG is reset to £65.276m and other Schools Block related grants reset to anticipated 2015-16 amounts (paragraphs 5.16 and 5.41);
4. that the DfE pro forma template of the 2015-16 BF Funding Formula for Schools as set out in Annex 5 be submitted for the 20 January deadline (paragraph 5.10).

2.3 That the following matters are NOTED:

- 1 the range of cost pressures that schools are likely to need to finance from within existing resources (paragraph 5.43);
- 2 the anticipated future cost pressures for which a financial provision will need to be made in the near future (paragraph 5.52);
- 3 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 5.59).

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that the 2015-16 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 2015-16 Schools Budget which is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). The DSG comprises 3 funding Blocks, each with a separate calculation and funding allocation; the Schools Block; the High Needs Block; and the Early Years Block.
- 5.2 The DSG 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. Whilst there is a general ring-fence in place on what the DSG can be spent on, there is no ring-fence on the individual funding Blocks, meaning in general, money can be freely moved between services.
- 5.3 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.
- 5.4 So far, these budget reports have concentrated on the Schools Block element of 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.
- 5.5 The Early Years Block that funds provisions and support for children up to 5, including those in maintained school nurseries has yet to be considered. This is because as the level of DSG for such services can only be accurately forecast once January 2015 take up of places to the free entitlement to early years education and childcare is known as this forms a significant part of the DSG calculation.
- 5.6 For the High Needs Block that supports pupils will additional needs above the DfE prescribed threshold of £10,000, again, there is no confirmed level of DSG funding which means detailed budget proposals will be presented at a later date. However, the Forum is aware of the significant underlying over spending expected to be carried forward into 2015-16 and that the only realistic solution to this is to use Schools Block DSG to fund new costs, and therefore the High Needs Block also needs to be considered now, but only at a strategic level.
- 5.7 Clearly these factors make budget setting fragmented and complex at the same time as having to make some difficult budget decisions.
- 5.8 In terms of budgets that can be managed centrally by LAs on behalf of schools, these are defined in the DfE Funding Regulations and are 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.

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More information on this is set out in the following paragraphs, with Annexes 1 – 4 providing more information on the services covered by each Part of the Funding Regulations and the current and proposed budgets.

- 5.9 In terms of the overall quantum to be available next year, the key headline budget decisions from the DfE are:
- Core per pupil funding through the Schools Block DSG from the DfE to remain unchanged from that received in 2014-15 i.e. a cash standstill, with no funding for inflation or other cost pressures.
 - There will be £390m extra funds in the Schools Block through the *Fairer Schools Funding for 2015-16* initiative, targeted to LAs currently receiving the lowest levels of funding for their schools. This will result in BFC per pupil funding allocations increasing by £96.45 to £4,283.66 and total extra funds of £1.555m.
 - In line with all other years, changes in pupil numbers will 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%.
- 5.10 The DfE monitors the 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, associated units of resource and total cost. The deadline for return has been set at 20 January 2015. Annex 5 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

- 5.11 The key decisions taken by the Forum to date relating to the Schools Block element of the Schools Budget and other associated information includes:
- There will be no changes to the factors used in the BF Funding Formula for Schools.
 - The small number of mandatory changes required by the DfE to Funding Formulas do not impact on BFC.
 - In accordance with school responses to the financial consultation, there will only be one change in the distribution of funds to schools. The lump sum payment to all primary schools will increase by £10,000 to £160,000. This will be self-financing through a £33 deduction to the primary age weighted pupil unit (AWPU). This is designed to move more funds to smaller schools that do not benefit from economies of scale to the same extent as larger schools.
 - All services requested for de-delegation and on-going central management by the Council were agreed.
 - The SEN specific contingency would continue at £0.1m and would be funded from the Schools Block and not from the High Needs Block which would be the normal funding route.
 - The significant pressures on supporting High Needs Pupils mean that at least £1m of the £1.555m additional funds to be received through the

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Fairer Funding for Schools in 2015-16 initiative would need to be used for meeting statutory provisions.

- Any additional “headroom” in the Schools Block DSG, previously estimated at £0.5m, would be distributed to schools through a flat rate increase in the AWPUs for all ages.

5.12 To ensure schools have the best available information for their financial planning, at the end of December, 2015-16 indicative budget statements were sent to schools. This exercise was based on the initial budget decisions taken by the Schools Forum in November, updated to reflect latest forecast budget information. As set out on another agenda item for this meeting, the projected cost of supporting High Needs Pupils has further increased requiring a higher transfer Schools Block DSG than previously envisaged, meaning no additional funds are expected to be available for schools, and this was the basis that indicative budgets were calculated.

Impact of 2014-15 forecast outturn

5.13 Budget monitoring information available at the end of November indicates a forecast year end over spend over the Schools Budget of £0.986m. There is £0.691m in balances meaning at this stage the forecast deficit at year end is £0.295m. The latest budget monitoring summary is set out below in Table 1.

Table 1: Schools Budget forecast outturn for 2014-15 (as at November)

<u>SCHOOLS BUDGET - GRANT FUNDED</u>	Budget	Variance	Memo items:	
	Net	This Month by	Analysis of variance	
	£000	£000	Under spending	Over spending
			£000	£000
<u>Delegated and devolved funding</u>				
Delegated School Budgets	65,703	-26	-26	0
School Grant income	-4,521	-130	-130	0
	61,182	-156	-156	0
<u>LEA managed items</u>				
SEN provisions and support services	7,475	1,557	-449	2,006
Education out of school	1,080	20	-15	35
Pupil behaviour	316	-17	-29	12
School staff absence and other items	1,353	-192	-237	45
Combined Service Budgets	690	-15	-51	36
Early Years provisions and support services	4,094	-41	-94	53
Support to schools in financial difficulty	283	-113	-113	0
	15,291	1,199	-988	2,187
<u>Growth to be allocated</u>	0	0	0	0
<u>Dedicated Schools Grant</u>	-76,122	-57	-57	0
<u>Use of prior year under spend</u>	-265	0	0	0
TOTAL - Schools Budget	86	986	-1,201	2,187
<u>Note on school balances:</u>				
Opening unringfenced balance on Schools Budget		-691		
Forecast change on non-ring fenced budgets		986		
Forecast year end balance on Schools Budget for general use		295		

Schools Block DSG income

- 5.14 The DfE published verified October school census and other data that must be used to calculate 2015-16 school budgets on 16 December. This showed actual pupil numbers at 15,233 (up 277 = 1.9%) which with the current £4,283.66 DSG per pupil funding rate paid to BFC results in total funding of £65.253m.
- 5.15 One adjustment has been made by the DfE to the core DSG allocation for the third year in a row. It reflects 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.
- 5.16 The Schools Block DSG for 2015-16 is therefore estimated at £65.276m, an increase of £2.724m compared to the £62.552m received in 2014-15 and the budget is recommended to be updated accordingly.

Proposed use of accumulated balances and existing earmarked reserves

- 5.17 Funding available for schools can be adjusted by applying unspent DSG from previous years. As set out above, there is expected to be a net deficit carry forward of £0.295m at the end of 2014-15 after taking account of the £0.691m accumulated surplus. The budget proposals for 2015-16 will need to ensure that planned spend in 2015-16 can be funded from anticipated income for the year with plans put in place during the year to recover the deficit, but with a recognition that this may not be achieved in full until 2016-17.
- 5.18 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.
- 5.19 Taking the changing landscape into account, last year the Forum agreed that this Reserve should be used in line with Council policy and that the £ equivalent of the Living Wage would be adopted from April 2014 and paid as the Bracknell Forest Supplement, 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, initially set at £7.65 per hour outside the capital and is expected to rise to £7.85 (+2.6%) from April 2015.
- 5.20 Therefore £0.144m was drawn down in 2014-15 to fund the estimated cost in mainstream schools with a further £0.023m for Kennel Lane Special (KLS) school, which is in the High Needs Block and therefore outside the detailed scope of this report. The remaining balance in the Reserve is proposed to be fully allocated in 2015-16 with £0.100m to mainstream schools and £0.017m to KLS. This split is in proportion to actual 2014-15 costs and is £0.037m below estimated 2015-16 costs for mainstream schools and £0.006m for KLS. From 2016-17 a new funding source will need to be found for this pressure, or it will need to be funded from within existing resources held by schools.

Summary additional income

- 5.21 Adding together the estimated increase in DSG income of £2.724m and £0.100m draw down from the Job Evaluation Reserve, there is additional income of £2.824m for next year's Schools Block budget.

Budget proposals for 2015-16

- 5.22 The different parts of the Schools Block budget that the DfE allows DSG to finance have been added to this report as annexes to remind Forum Members of the services provided. 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 which the Forum has previously agreed should continue under central management by the Council, rather than within delegated school budgets.
- 5.23 Both of these annexes show the re-stated 2014-15 budget, the impact of proposals in this report and the resultant 2015-16 budget, should all of the changes be agreed. It can be seen that the majority of centrally managed Schools Block budgets are subject to cash limiting by DfE funding Regulations and are not permitted to increase. With an anticipated 1% pay award, a 2.4% increase in Teachers Pension Scheme and general inflation running at 1.5%, this restriction will require real terms savings to be managed on the relevant budgets, or a reduction in services provided.
- 5.24 Before looking at new proposals, there are a small number of changes needed to the £62.696m 2014-15 base budget - £62.552m DSG and £0.144m from the Job Evaluation Reserve - to reflect the removal of one-off funding allocations and changes to budget categorisations to reflect the annual update to the DfE Funding Regulations. The £0.144m allocation from the Living Wage Reserve has been removed from school budgets to reflect the one-year funding – note a new allocation is proposed to be added below as part of the new year proposals – with two self-balancing budget re-categorisations between different Parts of the Schools Block.
- 5.25 The first self balancing adjustment relates to setting aside £0.1m to fund the SEN contingency to support schools that admit a disproportionate number of High Needs Pupils that has been agreed in both of the last 2 annual financial consultations. The second change relates to re-categorising New School Start Up funding from a de-delegated budget to central management that is not subject to annual spending restrictions and reflects the latest DfE guidance. These three changes are shown in lines 2-4 of Table 2 below and create an ongoing budget to be funded from the Schools Block DSG of £62.552m.
- 5.26 Two savings are proposed on centrally managed items that reflect the current profile of likely spend. Rolling forward current pupil numbers to the start of the 2015-16 academic year indicates that the budget for in-year growth allowances can be reduced by £0.123m to £0.183m. A new funding agreement has also been approved by the Schools Forum for start-up costs at Jennett's Park Primary School, and this will save £0.020m against the current budget. Overall £0.143m of savings are proposed and these are shown in lines 6 and 7 of Table 2.
- 5.27 The financial impact on the Funding Formula for Schools from the October 2014 census is shown in lines 8-10 of Table 2. There is £0.859m growth added to primary schools to reflect 310 additional pupils (+3.3%) and a deduction of £0.148m from secondary schools where numbers have fallen by 33 (-0.6%). Overall, pupil numbers

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have increased by 277, 1.9%. Other data changes from the October census impact on funding allocations for deprivation, low prior attainment and a small number of other pupil characteristics. These aggregate to additional costs of £0.104m.

- 5.28 The most significant change in funding allocations to schools other than for pupil numbers relates to deprivation funding as measured through the Income Deprivation Affecting Children Index (IDACI). IDACI measures the likelihood of income deprivation for families by resident post code. The updated indicators supplied by the DfE indicate an extra £0.114m of funds need to be allocated. This represents an 8% increase in funding compared to 2014-15. Free School Meal eligibility allocations have decreased by £0.001m.
- 5.29 The final set of changes proposed to school budgets relate to funding the estimated cost of inflation on business rates, as the DfE requires schools to be funded on the estimated actual costs, which is £0.029m, and a self-funding budget transfer for the National Copyright Licensing agreement. DfE has negotiated a national agreement for all schools at a lower cost than the aggregate payments being made by individual schools of which the scope has been widened to cover more licences, meaning costs currently funded from individual school budgets will now be charged to a centrally managed budget, which requires a funding transfer. These changes were made in April 2014 but amounts were not confirmed until after the 2014-15 budget was set. These changes are shown in lines 11 and 12 of Table 2.
- 5.30 The accompanying agenda item report on SEN costs demonstrates that it will be impossible to balance the commitments to High Needs Block DSG funding without a substantial contribution from the Schools Block DSG. It also seeks agreement to a funding swap between Council and Schools Budget funding responsibilities to allow for additional resources in the SEN Team to put in place actions to manage down placement costs. £0.03m of the funding transfer will result in a cost increase within the Schools Block, and relates to the educational cost for Looked After Children (LAC) without statements of SEN being education in Children's Homes. This pressure is shown in line 13 of Table 2.
- 5.31 Current forecasts for costs of pupils placed in external specialist providers indicates an over spending against current budget in 2015-16 of £1.856m. This amount includes £0.03m of the proposed funding transfer in respect of without statements of SEN being education in Children's Homes. Savings of £0.2m on other SEN related budgets are considered possible and therefore a net pressure of £1.656m is expected on supporting High Needs pupils. In addition, there remains the unfunded 2014-15 reduction in High Needs DSG of £0.282m which also needs to be financed. Therefore, the combined net pressure is estimated at £1.938m and is shown in lines 14 to 16 in Table 2.
- 5.32 The forecast figures for High Needs pupils exclude the impact of the new SEN facility at Eastern Road. The accompanying SEN agenda item paper confirms that over the medium to long term, significant savings of over £0.5m are anticipated, however, in the short term as the facility has relatively low numbers, there will be an additional cost of which £0.49m could be funded from the SEN Resource Unit Reserve. Due to the DfE moving to funding LAs for places – the £10,000 cost of elements 1 and 2 – on a lagged, annually in arrears basis, there will initially be less income for this than originally anticipated, with the expectation that the SEN Resource Units Reserve contains £0.11m less than required to provide sufficient finance for the start up costs. A contribution of £0.055m for 2 years from 2015-16 is therefore proposed to secure funding for this essential development which is shown at line 17 of Table 2.

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5.33 The final budget proposal relates to making an allocation from the Living Wage Reserve to finance the cost of meeting the pay supplement. A revised calculation based on autumn term 2014 payments indicates total costs for schools – including KLS which is in the High Needs Block – of £0.16m but with only £0.117m remaining in the Reserve there are insufficient funds to cover all of the costs. Based on a pro rata funding allocation, £0.1m relates to mainstream schools and £0.017m for KLS. Adding the £0.1m transfer from the earmarked Reserve, as shown at line 18, increases the amount of additional funds next year to £2.824m, as per line 19.

5.34 Assuming these proposals, as summarised in Table 2 are approved, a balanced budget can be set.

Table 2: Proposed use of Schools Block income

Ref.	Budget proposal	Delegated	De-	Centrally	High	Total
		Budgets	delegated	managed	Needs	
		1	2	3	4	5
		£'000	£'000	£'000	£'000	£'000
1	Original Schools Block budget for 2014-15	60,266	1,319	1,111	0	62,696
2	Remove draw down from Living Wage Reserve	-144	0	0	0	-144
3	Re-categorise funding for SEN Specific Contingency	-100	0	0	100	0
4	Re-categorise New School Start Up funding	0	-70	70	0	0
5	Re-stated 2014-15 base budget	60,022	1,249	1,181	100	62,552
	<u>Changes for 2015-16:</u>					
	<u>Savings:</u>					
6	Saving on in-year growth allowances	0	0	-123	0	-123
7	New School Start Up funding	0	0	-20	0	-20
	<u>Other changes funded from DSG:</u>					
8	Effect of additional number of primary pupils	859	0	0	0	859
9	Effect of reduced number of secondary pupils	-148	0	0	0	-148
10	Effect of changes in pupil characteristics e.g.FSM numbers, test results, EAL etc	104	0	0	0	104
11	Rates inflation	29	0	0	0	29
12	National Copyright licence	-15	0	15	0	0
13	Education fees for vulnerable students	0	0	30	0	30
	<u>Funding of High Needs Block costs:</u>					
14	Reduction in 2014-15 High Needs Block DSG	0	0	0	282	282
15	Additional placement costs in 2015-16	0	0	0	1,856	1,856
16	Savings to be identified on SEN budgets	0	0	0	-200	-200
17	Contribution to SEN Resource Units Reserve	0	0	0	55	55
	<u>Change to be funded from reserves</u>					
18	Cost of implementing the Living Wage	100	0	0	0	100
	Total budget for 2015-16	60,951	1,249	1,083	2,093	65,376
19	Change (Lines 6 - 18)	929	0	-98	1,993	2,824
20	Estimated unfunded deficit from 2014-15 - funding to be identified during 2015-16					295

Impact of the Minimum Funding Guarantee (MFG)

- 5.35 Forum members will be aware that in order to reduce funding turbulence in schools, 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, the 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 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.
- 5.36 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% reduction in per pupil funding each year. This message has been reinforced with schools and for 2015-16 MFG top up reduces from £0.129m to £0.096m.

Impact of DfE reform of the Education Services Grant

- 5.37 In July, the Forum received an update report on DfE proposals to reform the Education Services Grant (ESG) with the objective of securing £200m - £20% - of savings, which is estimated to cost BFC £0.426m. This is a grant to the LA and not part of the Schools Budget.
- 5.38 The ESG is a per pupil grant paid to LAs and academies based on the number of pupils in maintained schools / academies and is intended to fund the cost of services that local authorities must provide without charge to maintained schools, but that academies secure and pay for independently.
- 5.39 In respect of BFC, the ESG update paper concluded that the implications from this funding cut for the LA were significant and that in line with the expectations of the DfE, some of the required savings would need to be funded from the Schools Budget with the key areas for change likely to centre around:
- Relative high cost services of School improvement, asset management and Statutory / regulatory duties;
 - Reducing the scope of services currently being provided without charge to schools or charge schools for a wider range of services;
 - Charging more costs to capital (subject to accounting code of practice).
- 5.40 In reviewing potential changes, the Council proposes to increase charges for bought back services by £0.040m as more functions become chargeable in School Improvement, Governor Services, Human Resources, Finance and Education Capital and Property. In addition, £0.060m of current LA costs are in future proposed to be charged to the budget that supports schools in financial difficulty. This reflects the significant time input from officers in School Improvement, Human Resources and Finance in supporting such schools. This later change would commit £0.060m of the £0.280m budget which the Forum is recommended to agree.

A separate agenda item seeks comments from the Schools Forum on the Council's revenue and capital budget proposals for 2015-16.

Other grant income

- 5.41 In addition to the DSG, a number of other significant grants are paid directly to schools and these have been reviewed for anticipated receipts in 2015-16 and the Forum is recommended to agree that the Executive Member updates budgets where relevant:
- Funding allocated through the Pupil Premium to increase by £20 for each primary aged pupil eligible to a FSM at any time in the last 6 years, with all other funding rates remaining unchanged. Total income to schools next year is expected to increase by £0.036m to £3.218m.
 - Funding for Universal Infant FSM and Primary School PE and Sport Grant have yet to be confirmed and are assumed to continue at current funding rates, with total income of £0.860m and £0.295m respectively;
 - For funding for sixth forms, there are a number of changes being made by the EFA to the national funding formula and funding rates including removal of transitional funding protection and small increases to some of the funding rates. At this stage it is not clear what the overall effect will be in BFC and the assumption must be that schools will receive less income in 2015-16 than they did in 2014-15, which was £4.521m.

Minimum Prudential Balances

- 5.42 Members of the Forum will also recall that the Borough Treasurer considers that the Schools Budget should hold a minimum surplus of £0.51m to help manage unforeseen cost increases like those currently being experienced. Meeting this objective is not considered possible in the current climate but will need to be addressed in the short to medium term. The Forum is therefore recommended to agree that the 2015-16 budget is set without meeting this policy.

Actual cost pressures estimated for 2015-16

- 5.43 Schools will experience a range of cost pressures next year and whilst funding is proposed to cover increases in pupil numbers, others will remain unfunded and will require schools to make savings to balance their budgets. The main pressures, which total to around £1.4m are:
- Teacher's and Local Government pay inflation, assumed at 1% at around £0.527m.
 - Other general inflation, assumed at 1.5% at around £0.235m
 - Increase in contribution to the Teachers' Pension Scheme, from 14.1% to 16.4% at September 2015 at around £0.484m
 - Increase in contribution to the accumulated deficit on the Local Government Pension Scheme, at around £0.075m.
 - Shortfall on the Living Wage £0.043m
 - Increased SLA charges as part of the Council's 2015-16 budget setting process of £0.040m.
- 5.44 In terms of funding increases for new pupils, the allocation to schools exceeds the expected cost as per pupil funding contributes to more costs than classroom staff,

most of which would not change as numerous schools admit relatively small numbers of pupils that do not require the recruitment of a new teacher. Of the £0.711m included in school budgets for changes in pupils, it should be expected that at least 50% of the funding will not result in equivalent cost increases. Nevertheless, schools are still facing unfunded cost increases of around £1m next year. This will increase the likelihood that more pressure will be placed on the budget to support schools in financial difficulty.

Other decisions required from the Schools Forum

- 5.45 The content of this report complies with requirements of the School and Early Years Finance (England) Regulations 2014. In addition to this, in setting the 2015-16 Schools Budget, there are also requirements from the Schools Forum (England) Regulations 2012 that need to be complied with.
- 5.46 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.
- 5.47 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.
- 5.48 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 and the Forum is recommended to agree relevant amounts for each budget line.
- 5.49 The final area of decision making for the Forum required by DfE Regulation relates to agreeing to carry forward a deficit on central expenditure to the next year to be funded from the schools budget. Paragraph 5.13 of this report sets out a forecast year end over spending of £0.295m. The Forum is recommended to agree that the final deficit amount is carried forward and funded from a future Schools Budget.
- 5.50 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.
- 5.51 With the School Block DSG rate set at £4,283.66 this caps BF per pupil funding rates to no more than £4,197.98. The proposals in this report result in the higher secondary per pupil funding rate being set at £4,137.51 which is 96.59% of the DSG rate.

Future budgets

5.52 Whilst it is clear that significant financial difficulties exist in agreeing the Schools Budget for 2015-16, further significant cost pressures are anticipated in the near future where financial provision should be considered as soon as possible. The main issues being:

- Start-up cost for up to 9 new mainstream schools. Jennett's Park received £0.7m of start-up funding due to the lag between setting the school budget – and receipt of DSG income - on prior year October pupil numbers which significantly increase at the start of the new academic year, and similar amounts need to be planned for the other schools.
- On-going impact of the growing population on SEN budgets, together with the expected increase in post-16 SEN students. This will be partially off-set in the medium to long term from savings anticipated from the new SEN Units at Eastern Road and Blue Mountain.
- The full year effect cost of the increase in contribution to the Teachers' Pension Scheme, from 14.1% to 16.4% at September 2015 at around £0.346m.
- Additional business rates liabilities arising from the school places expansion programme estimated at £0.050m per annum
- A new funding source for the Bracknell Forest supplement. The Earmarked Reserve is now fully spent and on-going costs of £0.16m are anticipated.
- The underlying deficit on the Local Government Pension Scheme is being reduced by way of additional lump sum contributions. Payments due from schools are forecast to increase by £0.107m in 2016-17.
- Minimum prudential balances. Adequate funding needs to be put aside to manage in-year emergencies or cost increases. The Schools Budget funds a range of high cost and high risk services for which it has been established that a minimum balance of £0.510m should be maintained to manage these risks.
- The £0.295m forecast 2014-15 deficit, should this not be managed down in year.

High Needs Block

5.53 As set out above, the DfE has yet to confirm all the funding adjustments required to the High Needs Block and therefore 2015-16 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 over £2m with the only realistic funding solution being to use Schools Block DSG income.

5.54 Annex 3 shows an outline of 2014-15 budgets funded from the High Needs Block which are unchanged from 2013-14 amounts due to the £0.282m cut in DSG and rising cost of placements resulting in there being insufficient funds to re-set budgets to the anticipated level of spend.

Early Years Block

- 5.55 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.
- 5.56 DSG income for 2015-16 will be based on 5 months funding at January 2015 actual participation and 7 months funding at January 2016 actual participation. Therefore, as in previous years, budget proposals will be presented to the Forum in March when the January 2015 data will have been received on a provisional basis.

Annex 4 shows current budgets, together with adjustments to reflect the removal off 2014-15 one-off funding from Reserves, which were previously agreed by the Forum.

Conclusion Next steps

- 5.57 Making proposals for the 2015-16 budget has presented the most significant challenges to date for the Council. Requesting significant funding transfers from the Schools Block to the High Needs Block has not been taken lightly and has resulted in significant actions being put in place to manage down costs. However, moving forward, further financial challenges will need to be addressed in the years ahead.
- 5.58 The views of, and decisions taken by the Schools Forum will be considered by the Executive Member in making final decisions for the 2015-16 Schools Budget. This will be on 20 January, which is the deadline for submission to the DfE of the 2015-16 Funding Formula for Schools. Budgets can then be confirmed to individual schools, which is expected to be some time in February.

The pro forma to be submitted to the DfE is attached at Annex 5.

- 5.59 Further work is on-going relating to the High Needs and Early Years Block items where the level of funding to be received next year has yet to be finalised. 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.
- 6.6 Significant financial pressures are being experienced on SEN related budgets, as highlighted on a separate agenda item. These services are high cost and remain volatile but will be managed down through the actions set out on the accompanying report, subject to additional resources being identified to increase capacity in the SEN Team.

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:

Contact for further information

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Proposed 2015-16 Schools Block budgets to be centrally managed by the Council

Budget item	Schools Block Centrally Managed		
	Total 2014-15 £	Proposed Changes £	Draft Total 2015-16 £
<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	£305,648	-£123,000	£182,648
Key Stage 1 class sizes	£86,392	£0	£86,392
Start up costs for new schools (was de-delegated in 2014-15, see Annex 2, after £20,000 saving)	£0	£50,000	£50,000
Boarding Placements for Vulnerable Children	£45,880	£30,000	£75,880
Central copyright licensing	£30,000	£15,000	£45,000
Sub total Part 2 items	£467,920	-£28,000	£439,920
Total Part 1 and Part 2 items	£1,110,600	-£28,000	£1,082,600

* 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.

Items subject to de-delegation

Budget Item	Total 2014-15 £	Proposed Changes £	Draft Total 2015-16 £
<u>Part 5: Items that can be de-delegated from a maintained school's budget</u>			
Behaviour Support Services :			
Behaviour Support Team – provides support to young people, children and their families in the home environment and schools to manage behaviour.	£299,787	£0	£299,787
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. (Centrally managed item from 2015-16, see Annex 1)	£70,000	-£70,000	£ 0
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.	£20,000	£0	£20,000
Total Schools Budget	£1,319,752	£-70,000	£1,249,752

Current 2014-15 High Needs Block Budgets i.e. unchanged from 2013-14

Budget Item	2014-15 Budget £
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 and academy.	£651,720
Non-BFC maintained schools	£950,000
Kennel Lane Special School *	£1,213,650
PVI providers	£4,250,000
FE colleges	£315,000
Elements 1 and 2 for 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
Savings to be identified:	
Reduction in DSG	-£282,000
Total High Needs Block Budget	£11,589,120

* £0.023m to be released from the Job Evaluation Reserve to fund the estimated impact from adopting the equivalent of the Living Wage at Kennel Lane Special School.

** From September 2013, EFA became responsible for funding places in academy schools, with a corresponding deduction made to the DSG.

Current 2014-15 Early Years Block Budgets

Budget Item	2014-15 Budget £	2015-16 Funding Changes £	2015-16 Draft Budget £
Free entitlement to early years education and childcare for 3 and 4 year olds:			
Maintained school nurseries	£1,348,080		£1,348,080
PVI provider settings	£2,760,020		£2,760,020
Provider Contingency – for in-year increases in take-up and other support to providers e.g. SEN children, providers in financial difficulty (3%)	£130,550		£130,550
Multi professional assessment centre – Currently provided through contract with Action for Children, based at Margaret Wells Furby Children’s Centre	£156,850		£156,850
Free milk – net cost of free milk to eligible children.	£11,210		£11,210
Special Educational Needs and other support e.g. Special Educational Needs Co-ordinators.	£147,390		£147,390
Free entitlement to early years education and childcare for 2 year olds:			
Payments to providers (including SEN supplements) (1)	£782,200	£5,700	£787,900
Trajectory funding: Outreach support, delivery of sufficient places, workforce development, publicity and marketing.	£104,000		£104,000
Provider Contingency – for in-year increases in take-up and other support to providers e.g. SEN children, providers in financial difficulty (5%)	£35,000		£35,000
Development of sufficient places – convert revenue funding to capital (2)	£264,700	-£264,700	£0
Total Early Years Block Budget	£5,740,000	-£259,000	£5,481,000

(1) £0.259m one-off brought forward balance removed; £0.265m revenue funding converted to capital in 2014-15 returned to revenue.

(2) £0.265m revenue funding converted to capital in 2014-15 returned to revenue for 2015-16.

2015-16 DfE pro forma

Local Authority Funding Reform Proforma

LA Name: Bracknell Forest

Pupil Led Factors

Reception uplift		No	Pupil Units		0.00					
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Primary (Years R-6)	£2,842.95		9,703.00		£27,585,180	£49,981,376	44.35%	2.00%	
	Key Stage 3 (Years 7-9)	£4,066.86		3,331.00		£13,546,709		21.78%	2.00%	
	Key Stage 4 (Years 10-11)	£4,066.86		2,176.00		£8,849,486		14.23%	2.00%	
42 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	£439.03		880.59		£386,604	£2,456,475	3.95%	7.00%	
	FSM % Secondary		£1,355.12		413.76	£560,694				7.00%
	IDACI Band 1	£339.54	£1,113.32	1,511.71	700.61	£1,293,284			0.00%	0.00%
	IDACI Band 2	£509.30	£1,669.98	156.84	70.97	£198,392			0.00%	0.00%
	IDACI Band 3	£679.07	£2,226.65	2.97	6.95	£17,501			0.00%	0.00%
	IDACI Band 4	£848.84	£2,783.31	0.00	0.00	£0			0.00%	0.00%
	IDACI Band 5	£1,018.61	£3,339.97	0.00	0.00	£0			0.00%	0.00%
	IDACI Band 6	£1,188.38	£3,896.63	0.00	0.00	£0			0.00%	0.00%

Unrestricted

	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 X March 12	£211.86		61.15		£12,956	£249,298	0.02%	0.00%	
4) English as an Additional Language (EAL)	EAL 3 Primary	£239.12		810.51		£193,811		0.35%	0.00%	
	EAL 3 Secondary		£239.12		92.99	£22,236				0.00%
5) Mobility	Pupils starting school outside of normal entry dates	£314.75		64.48	0.00	£20,295	0.03%	0.00%	0.00%	
6) Prior attainment	Low Attainment % new EFSP	45.55%		17.76%	1,834.61	£934,165	3.34%	100.00%		
	Low Attainment % old FSP 78		£509.19	19.52%						
	Secondary pupils not achieving (KS2 level 4 English or Maths)		£902.88		1,264.51	£1,141,699			100.00%	
							£2,075,864			

Unrestricted

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£160,000.00	£170,000.00			£5,980,000	9.61%	0.00%	0.00%
8) Sparsity factor					£0	0.00%	0.00%	0.00%
9) Fringe Payments					£0	0.00%		
10) Split Sites					£0	0.00%	0.00%	
11) Rates					£1,372,940	2.21%	0.00%	
12) PFI funding					£0	0.00%	0.00%	
13) Sixth Form					£0	0.00%	0.00%	
14) Exceptional circumstances (can only be used with prior agreement of EFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Exceptional Circumstance - hire of sports facilities					£85,048	0.14%	0.00%	
Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)					£62,201,001	100.00%	£3,141,803	

Unrestricted

15) Minimum Funding Guarantee (MFG is set at -1.5%)				£96,371	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)				Yes	
Capping Factor (%)	0.00%	Scaling Factor (%)	41.95%		
Total deduction if capping and scaling factors are applied				-£96,371	
				Total (£)	Proportion of Total
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)				£0.00	
Additional funding from the high needs budget				£0.00	
Growth fund (if applicable)				£319,040.00	
Falling rolls fund (if applicable)				£0.00	
Total Funding For Schools Block Formula				£62,201,001	
% Distributed through Basic Entitlement				80.35%	
% Pupil Led Funding				88.04%	
Primary: Secondary Ratio				1 :	1.35

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TO: SCHOOLS FORUM
DATE 15 JANUARY 2015

LOCAL AUTHORITY BUDGET PROPOSALS FOR 2015/16
(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 2015/16.
- 1.2 At the time the Executive agenda was published the Provisional Local Government Financial Settlement had not been announced and was not expected until late December 2014. Therefore, this the report is based on the indicative 2015/16 funding figures received in February 2014, and with the financing information subsequently released being very much in line the initial assumptions, no significant changes will be required as a result of this update.
- 1.3 The 2015/16 Capital Programme marks a step change in the Council's capital spending plans. The inclusion of significant capital projects such as the Town Centre redevelopment enabling works, the Binfield Learning Village at Blue Mountain and Coral Reef Transformation represent a substantial investment in the future of the Borough and all three projects will be a major feature of future year's capital programmes as well as in 2015/16.
- 1.4 All comments received on these budget proposals will be submitted to the Executive on 10 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 2015/16 budget and Council Tax on 25 February 2015.
- 1.5 Whilst setting out the key budget issues facing the Council next year, this report to the Schools Forum focuses on the impact expected on the Children, Young People and Learning (CYPL) Department.

2 RECOMMENDATIONS

- 2.1 **That the Schools Forum comments on the 2015/16 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 2015/16 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 2015/16 – 2017/18

- 5.1 Initial preparations for the 2015/16 budget have focussed on the Council's Commitment Budget for 2015/16 – 2017/18. 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 2014/15 budget was set.
- 5.2 Table 1 summarises the position and shows that base expenditure (excluding schools) is planned to increase by £1.462m to £92.241m next year, before consideration is given to allowances for inflation and the budget proposals identified by individual Departments in 2015/16. The commitment budget relating to CYPL is shown in more detail in Annex A.

Table 1: Summary Commitment Budget 2015/16-2017/18

	Planned Expenditure		
	2015/16	2016/17	2017/18
	£000	£000	£000
Base Budget	89,774	90,779	92,241
<i>Movements in Year:</i>			
Adult Social Care, Health and Housing	17	10	0
Children, Young People and Learning (excluding schools)	22	-30	10
Corporate Services / Chief Executive's Office	121	-65	-29
Environment, Culture & Communities	795	110	-166
Non Departmental / Council Wide	50	1,437	600
<i>Total Movements</i>	1,005	1,462	415
Adjusted Base	90,779	92,241	92,656

5.3 The most significant changes to the Commitment Budget include:

- The latest waste projections have indicated an increase in waste tonnages and a reduction in the amount being recycled. In addition, increases in landfill tax are now directly linked to RPI and will be reflected in the inflation calculation (£0.615m).
- The Local Development Framework has required updating due to changes in National Policy, including those brought in through the National Planning Policy Framework. This has resulted in additional costs for technical work and studies and has changed the spend profile over the next three years compared to the previous estimate (£0.163m). The new programme has

been formalised in the updated Local Development Scheme approved by the Executive.

- Inclusion of the forecast recruitment and retention payments in Children's Social Care agreed by the Employment Committee on the 18 June (£0.130m). The budget increase will be reviewed once the actual number of employees entitled to the payment has been established.
- Revenue impact of ICT investments (£0.054m).
- Borough elections (£0.070m).
- The projection for the Minimum Revenue Provision now incorporates the latest forecast for capital spend and receipts and the on-going under spend from 2014/15 (-£0.203m).
- Inclusion of the savings from the Aiming High programme agreed by the Executive on 23 September (-£0.108m).
- Changes to the Local Government pension fund, including increased rate of contribution (£0.233m).

Provisional Local Government Finance Settlement 2015/16

National Perspective

- 5.4 Alongside the 2014/15 Local Government Financial Settlement announced in February 2014, the Government published a Provisional 2015/16 Settlement for local authorities. As 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 In July 2014 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.
- 5.6 Funding from central government is received through Revenue Support Grant (RSG) and Specific Grants. The provisional amount of RSG announced in February 2014 for 2015/16 showed a fall from -£19.297m to -£15.171m, representing a 21.4% reduction. As noted above, further reductions may 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 2015/16 Provisional Settlement. However, at this stage in the budget cycle the Council has already been made aware of two particular changes.
- The Education Services Grant (ESG) is paid to fund education support services which local authorities provide centrally to maintained schools but for the most part academies must secure independently; for example, human resources, financial supervision and asset management. It is not a ring-fenced grant: local authorities and Academies are free to decide how it is spent based on their individual circumstances. The June 2013 Spending Review announced that £200 million of savings will need to be made from the ESG in 2015/16; almost 20% of total ESG grant expenditure. A consultation in March of this year sought views on how this reduction might be achieved. It is estimated that the Council will see a reduction of £0.426m.
 - Parts of the discretionary Social Fund, introduced in 1987, were abolished by the Welfare Reform Act 2013 and replaced by a non-ring-fenced specific grant from April 2013 for the final two years of the Spending Review up to March 2015. The Government informed local authorities that the allocation of future funding would be assessed as part of the next Spending Round

Unrestricted

Settlement. It is intended that, from April 2015, local welfare provision would be funded from general grant to Local Government, instead of an identifiable sum being made available specifically for this purpose. The overall impact of this change in approach is expected to be a reduction in funding of £0.208m.

- 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 2014 and factoring in local circumstances, the budget projections assume income of -£21.247m. There is a risk associated with these projections due to the 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 During 2013/14 a large multi-national company transferred on to the Council's valuation list which materially increased the level of business rates collected locally. When setting the budget for 2014/15 the Council's share of the resulting one-off surplus on the Collection Fund for 2013/14 and the on-going additional rates income were transferred into the Business Rates Equalisation Reserve. The 2015/16 budget proposals assume that the on-going transfer to the reserve will be reduced by £3m to help balance the budget.
- 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 2014/15 (-£0.052m) will be continued in 2015/16.

Council Tax

- 5.12 Following the acceptance of Council Tax Freeze Grant and the resultant zero increase for the last four years, Council Tax at present levels will generate total income of -£45.944m in 2015/16. 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 £0.356m as a result in 2015/16. In addition a further £0.406m will be generated from an increase in the Tax Base primarily arising from the occupation of new properties during 2015/16. Based on these provisional figures, Council Tax income is therefore expected to be -£46.706m for 2015/16.
- 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 2015/16 a one-off grant equivalent to a 1% increase in

Council Tax. Any future support 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 fifth consecutive year. The working assumption upon which the proposals in this report are based is that there will be no increase in Council Tax and that the Council will receive additional grant from Central Government of -£0.505m.
- 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 2015/16

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 2015/16 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
Adult Social Care, Health and Housing	838
Children, Young People and Learning (excluding schools)	140
Chief Executive / Corporate Services	182
Environment, Culture & Communities	424
Total Pressures/Developments	1,584

- 5.17 Many of the pressures are simply unavoidable and respond only to changing demographic trends, particularly as they principally relate to increases in client numbers within Adult Social Care. They do, however, also support the Council's overarching priorities and medium term objectives in the following way.
- protect and enhance our environment (0.289m)
 - promote health & achievement (£0.160m);
 - create a Borough where people are safe, and feel, safe (£0.888m);
 - sustain economic prosperity (£0.037m);
 - provide value for money (£0.086m).
- 5.18 The pressures relating to Children Young People and Learning are set out below with further detail in Annex B:
- Education Psychology, which provides guidance and support to schools on a range of issues including special educational needs. Legislative changes have increased the involvement of parents, carers and young people in

decision making about adequate provision which has led to a growing number of tribunals challenging the LA's recommended placements, a situation which is expected to continue in the medium to long term (£0.035m)

- Quality assurance and data access. The increase in number of cases and their complexity has placed work load pressure in Children's Social Care and others to meet statutory timescales and duties and maintain the safety of children and young people. Additionally, there has been a significant increase in requests to retrieve archived documents relevant to on-going social care casework (£0.067m).
- The Early Intervention Hub, which involves a wide range of practitioners who are undertaking the Common Assessment Framework with the objective of securing safe and cost effective support to vulnerable children. Increasing capacity in the Hub will help achieve greater future cost avoidance (£0.020m)
- There are a small number of exceptional cases where pupil transport needs to be approved outside the approved policy. These relate to vulnerable pupils where value for money solutions are agreed on a case by case basis, thereby avoiding the need for appeals that are expected result in more expensive outcomes (£0.018m).

5.19 In addition to these revenue proposals the Council continues to invest in its priorities through targeted capital expenditure. A substantial investment in the long term future of the Borough is planned, to secure the delivery of regeneration in Bracknell town centre, to ensure that there are sufficient school places for our children and young people, and to protect and enhance the Borough's outstanding leisure offer. Details 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 -£2.476m and is summarised below in Table 3, with proposals from CYPL attached at Annex C. 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 £62m 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. Additional economies identified by Adult Social Care, Health and Housing resulting from the current take-up of the Local Council Tax Benefit Support Scheme have now been incorporated into the Council Tax calculation in paragraph 5.12. Treasury Management savings previously shown under Corporate Services have now been incorporated into Non Departmental budgets.

5.21 Table 3: Summary Service Economies

Department	£'000
Adult Social Care, Health and Housing	-698
Children, Young People and Learning (excluding schools)	-494
Corporate Services / Chief Executive's Office	-411
Environment, Culture & Communities	-813
Non Departmental / Council Wide	-60
Total Savings	-2,476

Significant budget decisions

- 5.22 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. 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 2015/16 will impact upon the revenue budget. All new spending on services will need to be funded from new capital receipts, government grants, developer contributions or borrowing from internal resources. The proposals are for a Council Funded Capital Programme of £16.818m and externally funded programme of £17.804m. After allowing for projected receipts of approximately £2.5m in 2015/16 and carry forwards, but excluding the self-funding Invest to Save schemes, the additional revenue costs will be £0.034m in 2015/16 and £0.453m in 2016/17. These figures include on-going costs associated with the maintenance and support of IT capital purchases.

b) Interest and Investments

Investment returns are likely to remain relatively low during 2015/16 and beyond. The Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2015. 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 2015/16 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 proposed 2015/16 Capital Programme. The net impact of these is a £0.085m pressure, being £0.034m related to the Capital Programme and a loss of income of £0.051m from the fall in the expected yield on investments from 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 £0.03m 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”.

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 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 £1.700m (£1.875m 2014/15) has been added to the budget. This will be achieved by:

- Building in the 2 year pay award for National Joint Council staff and assuming 1% for all other pay awards except for the Chief Executive and Directors for whom zero pay inflation is again planned;
- Negotiating to minimise inflation on contracts;
- Increasing fees and charges by 1.8% unless this is inconsistent with the Council’s income policy.

The Council will need to consider 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 2015.

d) Fees and Charges

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

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

It is estimated that many prices, where the Council charges users a fee for services, will need to increase by around 1.8% 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. Every year the Council faces risks on its budget in relation to demand led services, Business Rates and the general economic climate. In 2015/16 there will be specific significant risks in relation to:

- the implementation of a recent court ruling regarding the deprivation of liberty safeguards;
- the Care Act;
- and waste tonnages.

The level of risk and uncertainty is more significant than that for last year. The general Contingency included in the budget proposals currently stands unchanged at £1m but will need to be reviewed in order to set a realistic and deliverable budget in 2015/16.

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 A separate agenda item updates the Schools Forum on the Schools Budget. Decisions around budget setting is the responsibility of the Executive Member for Children, Young People and Learning, and is expected to be based on recommendations received from the Schools Forum.

Summary position on the Revenue Budget

- 5.25 Adding the draft proposals to the Commitment Budget and taking account of the corporate issues identified above would result in total expenditure of £82.484m as shown in Table 4.

Table 4: Summary of proposals

	£'000
Commitment Budget	90,779
Budget Pressures	1,584
Budget Economies	-2,476
Capital Programme	34
Changes in Investment Income	51
Inflation Provision	1,700
In-year Business Rates Income	-3,000
Transfer of Business Rates Surplus to the Equalisation Reserve ¹	-6,322
New Homes Bonus 2015/16	-500
Reduction in Education Services Grant	426
Social Fund Grant	208
Draft Budget Requirement 2015/16	82,484

Unrestricted

¹This element of the transfer to the reserve was for one year only as it relates to the significant surplus achieved on the Collection Fund in 2013/14 which was one-off in nature.

- 5.26 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 -£77.786m. This arises from Revenue Support Grant and Business Rates baseline funding (-£30.575m excluding Council Tax Freeze Grant), additional Council Tax Freeze Grant (-£0.505m) and Council Tax (-£46.706m).
- 5.27 With the potential overall cost of the budget package being consulted on in the region of £82.484m, this leaves a potential gap of around £4.698m. Members can choose to adopt any or all of the following approaches in order to bridge the remaining gap:
- an appropriate contribution from the Council's revenue reserves, bearing in mind the Medium Term Financial Strategy;
 - identifying further expenditure reductions.

Balances

- 5.28 The Council has an estimated £7.0m available in General Reserves at 31 March 2015. Details are contained in Table 5.

Table 5: General Reserves

	£m
General Fund	9.6
Planned use in 2014/15	(2.6)
Estimated Balance as at 31 March 2015	7.0

- 5.29 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.
- 5.30 The Council's share of the Business Rates surplus for 2013/14 and the additional Business Rates income in 2014/15 will be transferred into the Business Rates Equalisation Reserve at the year end. It is estimated that there will be a balance of £11.7m available on the reserve at the end of 2014/15

Capital Programme

Introduction

- 5.31 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
- 5.32 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.

- 5.33 As the Council’s accumulated capital receipts have been fully utilised, the Council returned to a position of internal borrowing in 2010 and as such a revenue contribution is required each year to repay this internal borrowing. Once the Council’s current level of investments is exhausted, which is expected to be within 2016, the Council will need to borrow externally.
- 5.34 The Council’s estimated total usable capital receipts at 31st March 2014 are zero. As a debt free authority the Council is partly reliant on capital receipts to fund its capital programme, although interest generated from capital receipts can also help support the revenue budget in the short term. The Council still receives a share of any Right-To-Buy proceeds from Bracknell Forest Homes in addition to a share of capital receipts from the VAT Shelter scheme.
- 5.35 The proposed capital programme for 2015/16 has been developed, therefore, on the assumption that it will be funded by a combination of Government grants, other external contributions and some internal borrowing in addition to the £2.5m 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 at the start of this report.

New Schemes

- 5.36 Within the general financial framework outlined above, Service Departments have considered new schemes for inclusion within the Council’s Capital Programme for 2015/16 – 2017/18. 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.
- 5.37 Within this framework however, the proposed programme does include three significant items, each of which represents a major investment in the future of the Borough in its own right. These relate to the imminent regeneration of the Bracknell town centre, the creation of the new Binfield Learning Village at Blue Mountain and the maintenance and enhancement at the Corel Reef leisure pool.

Town Centre Redevelopment Works

- 5.38 Now that the stage has almost been reached when the Development Agreement with Bracknell Regeneration Partnership (BRP) will become unconditional, the Council will need to undertake its own planned investment on wider Town Centre infrastructure. In order to facilitate the Town Centre redevelopment works it is proposed that the Council should invest up to £12.4m (excluding Stamp Duty which may become payable depending on the nature of the transactions) over the period 2014/15 to 2017/18. This will include the purchase of the Bracknell Town Centre Bus Station alongside investment in a new replacement Park and further public realm and highway works. The expenditure is shown as committed on the draft capital programme on the assumption that Full Council will approve the expenditure at its January meeting.

- 5.39 All of these items have a much wider impact than the new development itself and will benefit the whole Borough. However the expenditure needs to be co-ordinated with the specific work that BRP are planning to carry out.

Town Centre Infrastructure Works

- 5.40 Similarly in order to facilitate transport movements around the Borough, including the planned Town Centre redevelopment, it is necessary to continue to fund a number of infrastructure schemes. As such a funding need of £2.0m has been identified in the 2015/16 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. As such spending levels of around £2m per annum are likely to be required until the new Northern Retail Quarter area is open for trading. This additional expenditure is aimed at maximising the positive experience of visiting the regenerated town centre.

Binfield Learning Village at Blue Mountain

- 5.41 The Binfield Learning Village at Blue Mountain is a priority for the Council. The programme will deliver statutory places required in the Borough alongside meeting the need for new housing and the associated community facilities. Based on the most recent feasibility study the total cost of the Learning Village, if commenced now, is £39.07m plus £3m contingency costs. As per the current programme the building works will start in January 2016 and as such costs are likely to increase between now and then due to inflation. As the programme progresses and further milestones are met the impact of inflation will be reported and budget approvals updated. The Executive agreed the Funding Model in October 2014.

Coral Reef Transformation

- 5.42 The main roof structures at Coral Reef are complex and have required extensive monitoring and maintenance for the latter part of its life. At 25 years old they are reaching the end of their practical lifespan and need to be replaced in a planned way. While the major issue lies with the main roof over the pool hall, all other roofs are of the same construction and in due course will need to be replaced too. In addition a number of options, including two additional flumes and a new flume tower, to improve the leisure offer are being proposed alongside a significant refurbishment of the building to enhance the Borough’s “signature” leisure offer. The overall capital cost of the scheme is estimated to be £11.229m and this is included in the draft Capital Programme.

Other Unavoidable & Committed schemes

- 5.43 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 2014/15 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.
- 5.44 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.

Maintenance (Improvements and capitalised repairs)

- 5.45 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.

- 5.46 The figures below are based on the information held in the Construction and Maintenance Groups' property management system. They have been adjusted to exclude those works that are already budgeted for within existing 2014/15 schools and corporate planned maintenance programmes.

Table 6: Maintenance Backlog

		£	£
		(000)	(000)
Schools	Priority 1C & 1D	2,204	
	Priority 2C & 2D	2,276	
	Lower Priorities	11,639	16,119
Corporate Properties	Priority 1C & 1D	1,235	
	Priority 2C & 2D	2,497	
	Lower Priorities	5,420	9,152
Total		<u>25,271</u>	<u>25,271</u>

- 5.47 The overall maintenance liability has reduced from £40.1m in 2011/12 to £25.3m and reflects the investment that the Council has made in its property asset base and a number of disposals.

Schools

- 5.48 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

- 5.49 From an initial 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 2015/16 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 £1.235m is recommended to address the most pressing 1C & 1D priorities.
- 5.50 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

- 5.51 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

- 5.52 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

- 5.53 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 2015/16 capital programme for potential Invest to Save schemes.

Externally Funded Schemes

- 5.54 A number of external funding sources are also available to fund schemes within the capital programme. External support has been identified from three main sources:

Government Grants (Estimated to be £7.647m)

- 5.55 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 reflects the highest priority schemes identified by the Department. However it is not expected that the two main Department for Education grants (Basic Need and Schools Maintenance) will be sufficient to finance all these schemes. The final grant allocations are unknown at this stage; however the 2015/16 Basic Need block has

been announced as part of a 2-year settlement in 2014/15 and is expected to be £3.477m. Historically the Schools Maintenance Grant has been approximately £1.8m. As such a total of £5.277m is anticipated at this stage. Excluding Binfield Learning Village at Blue Mountain, the total identified need for Schools is £7.43m, leaving a gap of approximately £2.2m. At this stage the Department will continue to review and reprioritise the schemes with the aim of bringing the total scheme costs in line with the anticipated external grant allocations. The full draft programme for CYPL is set out in Annex D.

A second key constituent of capital grant funding relates to the Highway Maintenance and Integrated Transport Block. Grant approvals of £2.37m are currently anticipated for 2015/16.

Section 106 (£1.880m)

- 5.56 Town & Country Planning Act 1990 by which developers make a contribution towards the cost of providing facilities and infrastructure that may be required as a result of their development. Usually the monies are given for work in a particular area and/or for specific projects. The total money available at present, which is not financially committed to specific projects, is £4.2m, 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 2015/16, where funding becomes available. These are summarised below

Table 7: Estimated S106 funding for 2015/16

Department	Schemes	Budget £000
ASCHH	Affordable Housing	777
Corporate Services	Community Centre & Library	393
ECC	Leisure & Culture	110
ECC	Local Transport Plan	600
	Total	1,880

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

Local Growth Fund (£5.6m in 15/16 and a further £1.4m in 2017/18)

- 5.57 Working with the Thames Valley Local Enterprise Partnership (LEP), the Council was successful in bidding to include various Infrastructure improvement schemes as part the Thames Valley Strategic Economic plan and was awarded £7m. This funding was awarded as part of the Local Growth Fund which is aimed creating economic growth such as unlocking housing and commercial development. The funding breakdown includes £2.1m for Coral Reef Junction (Anticipated spend 2015/16), £3.5m towards Warfield link road (Anticipated spend 2015/16), and £1.4m towards improvements to Martins Heron Junction and London Roa (Anticipated spend 2017/18).

On-going revenue costs

- 5.58 Schemes may have associated on-going revenue costs and tend to become payable in the year after implementation. As such will be included within the Council's

Commitment Budget for 2016/17. These total £6,000 and relate to the Network Refresh programme.

Funding options

- 5.59 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 £2.5m.
- 5.60 The proposed capital programme for 2015/16 has been developed, therefore, on the assumption that it will be funded by a combination of £2.5m 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.
- 5.61 Should any additional capital receipts be generated in 2015/16 the interest earned on these will be used to mitigate the revenue cost of the capital programme.
- 5.62 For 2015/16 it is unlikely that the Council will need to resort to external borrowing as it will be able to utilise resources held internally, however there remains the possibility given the substantial investment proposed in the Town Centre, Coral Reef and the Binfield Learning Village at Blue Mountain that short term borrowing for cash-flow purposes may be required in this year. Given the investment proposed in 2016/17 for these schemes it is inevitable that the Council will be required to borrow externally and may decide, from a treasury management standpoint, to borrow earlier in the cycle.
- 5.63 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.
- 5.64 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.
- 5.65 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 can be sustained and is within the prudential guidelines. Full Council will need to agree the prudential indicators for 2015/16 to 2017/18 in February 2015, alongside its consideration of the specific budget proposals for 2015/16 and the Council's medium-term financial prospects.
- 5.66 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 2016/17 onwards, will need to be undertaken during next summer.

Conclusion

- 5.67 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.
- 5.68 All comments from the Schools Forum and others on the revenue and capital budget proposals will then be submitted to the Executive on 10 February 2015. This will allow the Executive to determine the final budget package and recommend the appropriate Council Tax level to the Council on 25 February 2015.

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. None of the budget proposals require specific equality impact assessments to be carried out.

Strategic Risk Management Issues

- 6.2 A sum of £1m is currently included in the draft proposals 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 2015/16 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 2015/16, 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 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 <http://consult.bracknell-forest.gov.uk/portal>. There will also be a dedicated mailbox to collect comments.
- 7.2 The timetable for the approval of the 2015/16 Budget is as follows:

Executive agree proposals as basis for consultation	16 December 2014
Consultation period	17 December 2014 - 27 January 2015
Executive considers representations made and recommends budget.	10 February 2015

Council considers Executive budget proposals	25 February 2015
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Background Papers

None.

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Doc. Ref

Doc. Ref G:\Executive\Schools Forum\ (70) 150115\LA Budget Proposals for 2015-16.doc

CYPL Commitment Budget 2015/16 to 2017/18

Item	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000
Approved Budget	15,250	15,254	15,276	15,246
<u>Suitability surveys</u> Suitability and access surveys are undertaken every three years to update the Asset Management Plan so 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 the Council's Primary schools to participate in a large scale production which links music, dance and art.		10	-10	10
<u>Special Education Needs (SEN) Team</u> There has been a significant increase in the workload of the SEN Team in recent years in terms of complexity of cases and numbers. This has impacted on the service provided which will be addressed through increasing the SEN Team Manager post to full time (from 0.8 full time equivalent) and appointing an additional SEN Officer, on a temporary trial basis for 2 years until the end of 2014/15.		-35		
<u>Bracknell Forest Supplement</u> An additional amount paid from 1 April 2014 to bring the hourly rate of Council employees (including Outer Fringe Area Allowance) up to the equivalent of £7.65.		5		
<u>Social Worker recruitment and retention</u> Additional payments to be made to staff in key roles in order to secure specialist services for children and families in need. The figure is to be reviewed once the actual number of employees entitled to the payment has been established.		130		
<u>Aiming High for Disabled Children (Short Breaks)</u> Implementation of savings agreed as part of the 2014/15 budget setting process that were delayed to allow for a full public consultation and the opportunity to reflect resultant views in future service delivery.		-106		
Net inter Departmental virements (1)	4			
Children, Young People and Learning Adjusted Budget	15,254	15,276	15,246	15,256

(1) These transfers net off to nil in the Council's budget. For CYPL these relate to a budget addition of £0.010m to fund the increased cost on the Local Government Pension Scheme and savings of £0.003m from moving to black and white letter head rather than colour and £0.003m on the lower charges being levied on the new building maintenance contract.

Revenue budget: proposed PRESSURES for CYPL Department

Description	2015/16 £'000	2016/17 £'000	2017/18 £'000
<p>Education Psychology Service</p> <p>The service provides guidance and support to schools on a range of issues including special educational needs. Legislative changes have increased the involvement of parents, carers and young people in decision making about adequate provision which has led to a growing number of tribunals challenging the LA's recommended placements, a situation which is expected to continue in the medium to long term. The team is also playing an increasingly valuable and influential role supporting colleagues in Children's Social Care and Education Services to manage complex cases as well as fulfilling statutory duties and a key role in the development of Tier 1 and 2 Child and Adolescent Mental Health Services, promoting emotional health and well being in schools and other educational settings. The proposal funds an additional 0.6 fte appointment.</p>	35		
<p>Quality Assurance and Data Access</p> <p>The increase in number of cases and their complexity has placed work load pressure in Children's Social Care and others to meet statutory timescales and duties and maintain the safety of children and young people. In particular, duties around the Conference and Review Team ensuring that the reviews of children who are looked after are undertaken within statutory guidance and timescales, quality assurance work to meet the Working Together to Safeguard Children and increased requests to retrieve archived documents relevant to on-going social care casework has resulted in a 1.6 fte pressure of £67,000.</p>	67		
<p>Early Intervention Hub</p> <p>The Early Intervention Hub involves a wide range of practitioners who are undertaking the Common Assessment Framework with the objective of securing safe and cost effective support to vulnerable children. Of the 364 referrals in 2013/14 the Hub has prevented 25% (91) cases escalating to Tier 3 high cost intervention. An evaluation of the Hub identified that of the cases that had stepped down from Tier 3, 75% remained closed to Children's Social Care. Increasing capacity in the Hub through a 0.5 fte post will help achieve greater future cost avoidance.</p>	20		

Unrestricted

Description	2015/16 £'000	2016/17 £'000	2017/18 £'000
<p>Pupil transport</p> <p>There are a small number of exceptional cases where pupil transport needs to be approved outside the approved policy. These relate to vulnerable pupils where value for money solutions are agreed on a case by case basis, thereby avoiding the need for appeals that are expected result in more expensive outcomes. No budget exists for this expenditure which has averaged £18,000 in each of the last 3 years.</p>	18		
CHILDREN, YOUNG PEOPLE AND LEARNING TOTAL	140		

Revenue budget: proposed ECONOMIES for CYPL Department

Description Impact	2015/16 £'000	2016/17 £'000	2017/18 £'000
<p>Additional income</p> <p>A number of services are exceeding their income targets, or identifying new opportunities for income generation, and where this is expected to continue, budgets will be increased accordingly. This relates to Community and Adult Education (£20,000), Education Welfare Service (£10,000), trading with schools through Service Level Agreements relating to School Improvement, Finance, Human Resources and Education Property (£40,000) and central council costs associated with supporting schools in or in danger of entering Ofsted categories of concern (£60,000).</p>	-130		
<p>Looked After Children</p> <p>The strategy put in place over the past two years to reduce costs has been successful. The number of children placed with in-house foster carers and therefore less expensive placements has increased from 61% in March 2012 to 67% at July 14. There has also been an increase in the number of children being placed permanently outside the care system which generally results in minimal costs to the Council. During 2013/14, fifteen children were made subject to either an Adoption or Special Guardianship Order, more than double the previous year and in 2010/11 there were none. It has also been possible to de-escalate some young people from high cost residential placements to Independent Fostering. Savings are also continuing to be achieved through commissioning where a rigorous and challenging approach continues to result in savings.</p>	-285		
<p>Revised delivery of services and support</p> <p>As part of the on-going process to improve efficiency, a number of services have been reviewed to consider alternative ways for their delivery or opportunities for general cost reductions. It relates to Finance (£10,000), Youth Justice (£12,000), Children's Social Care (£7,000), deletion of 0.5 fte post in Human Resources (£15,000) and seeking agreement of the Schools Forum to in future fund 1 fte development officer supporting early years providers (£35,000).</p>	-79		
CHILDREN, YOUNG PEOPLE AND LEARNING TOTAL	-494		

CYPL Proposed Capital Programme

	2015/16 £000	2016/17 £000	2017/18 £000	TOTAL £000
Committed				
None	0	0	0	0
	0	0	0	0
Unavoidable				
Children's Social Care ICT Systems Replacement	150	0	0	150
	150	0	0	150
Maintenance				
To be funded at level of DfE Grant (when announced)	0	0	0	0
	0	0	0	0
Rolling Programme / Other Desirable				
	0	0	0	0
TOTAL REQUEST FOR COUNCIL FUNDING	150	0	0	150
External Funding				
<i>These schemes will be limited/prioritised according to external funding available</i>				
Departmental Bids:				
Asbestos (Control of Asbestos Regulations) - Schools	30	30	0	60
Disabled Access (Equality Act) - Schools	95	100	100	295
Schools Maintenance	2,204	2,314	2,430	6,099
Owlsmoor Expansion	683	0	0	683
Great Hollands Expansion	1,093	3,200	337	4,630
Surge Classrooms	1,450	0	0	1,450
Edgbarrow Expansion	200	1,825	225	2,250
SEN Resource at Eastern Road	312	0	0	312
Priestwood Early Years Facility	70	70	70	210
Universal Infant Free School Meals	100	100	100	300
Crown Wood Playing Field	50	0	0	50
Heatwave Mitigation Measures	50	50	50	150
Carbon Reduction Measures	40	40	40	120
School Caretakers Houses	70	70	70	210
Suitability Improvements	200	200	200	600
Building Management Systems Connections in Schools	0	25	25	50
	7,431	8,298	3,921	18,780
Bids from Schools:				
Easthampstead Park	274	274	274	822
Wooden Hill Suitability Phase 2	300	0	0	300
Sandhurst Roof Replacement	150	0	0	135
Sandhurst Window Replacement	30	0	0	27
Sandhurst Science Lab	30	0	0	27
	7,431	8,298	3,921	18,780
TOTAL EXTERNAL FUNDING	7,431	8,298	3,921	18,780
Binfield Learning Village at Blue Mountain	3,349	23,300	10,300	27,649
TOTAL CAPITAL PROGRAMME	10,930	31,598	14,221	56,749

Detailed Schemes

Children's Social Care ICT System Replacement	£150,000
<p>The current Children's Social Care case management system (Corelogic's Frameworki) was implemented in 2008 in order to give us the ability to work within the statutory requirements of the Integrated Children's System (ICS). Following the review of social work by Prof. Munro the requirements of ICS have now changed and new guidance for working practices have been issued. In particular social workers are required to consider the child in the context of the family (Group Based Recording). Frameworki has a number of restrictions and does not allow Group Based Recording, so social workers are unable to fully embrace this way of working. As a consequence, they work inefficiently as they have to copy data between children rather than recording once for a family group. This also has implications on statutory returns and reporting requirements set by the Department of Education. The existing supplier has developed a new case management system (MOSAIC) specifically to enable new best practice working to meet changes in legislation. The existing supplier has quoted £150,000 for the upgrade to MOSAIC. Options are being explored to review the (legal) ability to implement such an upgrade.</p>	
Schools Asbestos	£30,000
<p>A budget is required to cover any asbestos removal or encapsulating works in schools that is identified in future Asbestos Management Surveys. The surveys are planned to be carried out after April 2015.</p>	
Disabled Access – Equality	£95,000
<p>A budget to implement access works to comply with the Equality Act. There is £0.6m of priority 1 (urgent) access works in schools identified in the access audits in the CYPL Asset Management Plan. Works for individual pupils/staff have priority for this funding.</p>	
Schools Maintenance	£2,204,000
<p>This includes Planned Maintenance, Fire Safety and Legionella works which is normally funded from DfE Schools Capital Maintenance Grant. In 2014/15 Bracknell Forest received £1,827k of Capital Maintenance Grant but funding for 2015/16 has yet to be announced. The programme of works will be matched to the available budget. Full details of all identified need under Planned Works are set out in the Asset Management Plan (AMP).</p>	
Owlsmoor Expansion	£683,000
<p>This is the balance of funding to complete the expansion of Owlsmoor in all year groups. This project will start on site in September 2014 and run across the financial year end for completion in August 2015. The award of contract decision was taken by the Executive on 9 September 2014 based on the allocation of this £683k as the first call on the 2015/16 DfE Basic Need grant allocation.</p>	

Unrestricted

Great Hollands	£1,093,000
For the expansion of Great Hollands Primary School by 1FE (210 places) from its current capacity of 60/420 up to 90/630 plus a surge classroom. The total cost of this expansion is £4.63m, and as such a commitment in 15/16 will require further funding in future years for which the DfE grant may not be adequate to meet.	
Surge Classrooms	£1,450,000
A budget for creation of the 5 surge classrooms required to provide the additional primary school places required to meet the Council's statutory duty to provide sufficient primary school places from September 2015.	
Edgbarrow	£200,000
A budget to begin designing the for the expansion of Edgbarrow School by 1FE (190 places) from September 2016. Total costs for the scheme amount to £2.25m and as such a commitment in 15/16 will require further funding in future years for which DfE grant may not be adequate to meet.	
SEN Resource at Eastern Road	£312,000
Creation of a new 56 place secondary ASD facility on the Eastern Road site in Bracknell.	
Priestwood Early Years Facility	£70,000
A budget to refurbishment of the Priestwood Guide Centre for use as a Pre School and a base for Early Years teams	
Universal Infant Free School Meals	£100,000
A budget to provide the additional equipment and facilities needed for the introduction of Universal Infant Free School Meals	
Crown Wood Playing	£50,000
A budget for drainage and landscaping works to reduce the flooding and make the field useable for sports and PE. The school will contribute £5k for a total project cost of £55k.	
Heatwave Mitigation Measures	£50,000
This request is to fund works to mitigate the impact of a heatwave on the delivery of CYP&L services, most particularly where these affect young or vulnerable children. By mitigating the impact of heatwave this will remove impediments to service delivery such as children being unable to concentrate in school, and also contribute to the health and well being of service users who would be spared from the debilitating effects of high temperatures.	

Unrestricted

School Carbon Reduction Measures	£40,000
<p>This project will provide a budget for short payback energy schemes in schools that will be prioritised by the CYP&L Schools Carbon Working Group. The objective is to reduce schools' energy costs and carbon emissions. This programme will mitigate and reduce this amount payable in future years by targeting energy projects that will have the greatest impact in reducing energy costs and carbon emissions.</p>	
School Caretaker Houses	£70,000
<p>A budget to bring school caretakers houses up to the national "Decent Homes" standard. Works include kitchen refurbishments, bathroom refurbishments etc.</p>	
Suitability Improvements	£200,000
<p>To address the to address the Priority 1 suitability issues highlighted in the surveys at Wildmoor Heath Primary School and Sandhurst Secondary school..</p>	
Easthampstead Park	£274,000
<p>Having operated at only two thirds of its designed capacity for a number of years the surplus accommodation has over time been either mothballed or converted to non teaching use. This budget will be used to reinstate these spaces (rather than physically extending the school) and is considered the most economic approach for meeting the demand for pupil places. It also has the advantage of not requiring planning permission. Total requested over three years £822,000</p>	
Wooden Hill – Suitability Phase 2	£300,000
<p>This project is to strengthen the Foundation Stage Provision by undertaking Phase 2 of a project to upgrade and refurbish the existing Foundation and Key Stage 1 classrooms.</p> <p>The layout of the accommodation in the main school building is restricting the delivery of the education service due to poorly shaped and undersized rooms. Access/circulation between rooms is also an issue for the school and the layout does not fit with modern teaching methods, as it is open plan with circulation through teaching spaces. A programme of works has been drawn up to revamp the accommodation by moving internal partitions to create proper sized classrooms and teaching spaces with an improved access, separate circulation and an improved general layout. This will improve service delivery for Foundation and Key Stage 1 and the provision of improved physical environments will also have a positive impact on performance.</p>	

Unrestricted

Sandhurst School – Replacement Roof to main building	£135,000 (+externally funded) £15,000
This scheme is for the removal of the existing roof of main building to be replaced with a new felt flat roof as the current roof has been leaking for some 10 years and has in the past leaked onto computers and other electrical equipment.	
Sandhurst School – Replacement windows to languages block	£27,000 (+externally funded) £3,000
This scheme is for the removal of the single glazed windows in the modern foreign languages block, to be replaced with double glazed units. For Health & Safety reasons this would be a major improvement. The existing windows are difficult to close and are not secure.	
Sandhurst School – Refurbishment of Science laboratory B17	£27,000 (+externally funded) £3,000
For the benefit of all pupils this scheme is for the refurbishment of an out of date laboratory that has flooring of a poor condition causing potential trip hazards and also out of date gas taps etc. The laboratory has not been updated since the school opened.	
Binfield Learning Village at Blue Mountain	£3,349,000
The programme will provide a 7FE secondary school with a sixth form, a 2FE primary school with a nursery and community provision from September 2017 to support the planned growth in the Borough.	

TO: SCHOOLS FORUM
DATE: 15 JANUARY 2015

**PROPOSAL FOR ADDITIONAL FINANCIAL SUPPORT TO
THE BRAKENHALE SECONDARY SCHOOL
Director of Children, Young People and Learning**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present a costed proposal to the Schools Forum on the school improvement support plan for The Brakenhale Secondary School, following the 'in principle' agreement made in November 2014.

2 RECOMMENDATIONS

That the Schools Forum:

- 2.1 **AGREES to fund the school improvement support plan from the budget to support schools in financial difficulty, aiding recovery from Requires Improvement (paragraph 5.12).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To aid a speedy and effective recovery from the Ofsted Requires Improvement judgement.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Requiring the school to fully fund any additional support needs, if necessary through a licensed deficit. This has been discounted on grounds of affordability as the school has insufficient funds to finance the required changes.
- 4.2 Offering a lower level or no financial support, but this is considered inappropriate as support is required to assist schools in returning over the short to medium term to a stable financial position whilst at the same time achieving school improvement targets.

5 SUPPORTING INFORMATION

Background

- 5.1 The Brakenhale School was judged to Require Improvement in a Section 5 inspection during March 2014, with the subsequent HMI Section 8 monitoring visit in July 2014 finding the leadership were not taking effective action to address priorities. Subsequent to this, the headteacher has left the school.

- 5.2 Interim arrangements have been put in place which currently includes an Executive Headteacher of a local outstanding secondary schools, who took up post on 6th October 2014 and will work in the school full time for the Autumn Term. The intention is that the Executive Headteacher continues on a part time basis from January 2015, maintaining overall responsibility for the effective running of the school.
- 5.3 The context and background were outlined in the previous report where the Forum agreed 'in principle' to approve additional financial support to The Brakenhale School.

Current position

- 5.4 Since the previous report an Associate Headteacher and bursar have been appointed and the Executive Headteacher has been actively identifying where savings can be made, for example a saving of £15,000 in premises costs, freeing additional resources which will be invested in teaching and learning.
- 5.5 In addition to the costs associated with the Executive Headteacher, the following support activities have also been put in place:
- An associate headteacher fulltime for two terms with responsibility for the day to day running of the school under the leadership of the Executive Headteacher
 - A head of maths part time for two terms
 - Additional English support part time for two terms
 - Ofsted inspection support and training consultancy support
 - School to school senior and middle leadership, teacher and governance support.
- 5.6 This complements officer time provided by the LA to:
- Review the staffing structures, all documentation, communications
 - Develop the pastoral and inclusion structures and systems, clarify roles and responsibilities
 - Evaluation of the effectiveness and impact of intervention strategies
 - Review CPD provision and succession planning
 - SEND Reforms – is the school prepared to implement the new reforms
 - Develop middle leadership and teaching and learning
 - Strengthen governance.
- 5.7 The progress the school is making in improving is monitored and evaluated through regular meetings with the Chief Officer for Learning and Achievement and The Director of Children, Young People and Learning and also through attendance at SCAPAP.
- 5.8 During the autumn term the following has been achieved:
- A new school development plan, informed by HMI/Ofsted priorities and additional priorities identified by staff (recruitment, retention and ethos,

the physical environment and communication). The process has been inclusive, so there is a high level of awareness and buy-in across the staff

- Appointment of a fulltime interim head of school who will work under the leadership of the EHT from January 2015 and a well-regarded bursar; appointment of new heads of English, Maths and Science underway
- Review of support staff responsibilities and deployment identifying costs which can be cut with minimal impact and re-invested more effectively
- More robust departmental structures to enable support, challenge/holding to account and succession planning
- Half termly meetings with Heads of Departments established discussing predicted outcomes for students and comparing these with student assessment data and planning interventions
- Improvements to data collection and analysis to improve target setting, new tracking system for KS4
- Structures and policies are under development which will improve planning, decision making and communication across the school community
- A practice-based professional development programme which includes
 - Coaching and mentoring for senior and middle leaders by their counterparts in the EHT's school
 - More active and widespread engagement with PIXL school improvement programme (a collaboration of school leaders which provides access to professional networks, online resources, training opportunities and development programmes)
 - Coaching, modelling and training, disseminating good practice in the maths department
 - Whole and departmental training by LA advisers and consultants.
- Scoping re-organisation of SLT staff
- Review of curriculum offer and examination entry
- Links have been made by the sixth form with the Executive Headteacher's sixth form.
- External review of Governance
- Establishment of a more professional culture with a clear expectation of high performance and holding to account is being established
- A mock Ofsted inspection is planned for early in the spring term conducted by a serving Ofsted inspector who will inspect every department and provide a written report as a baseline, allowing objective judgements to be made about improvements when the process is repeated in the summer term.

5.9 Work is underway to recruit a new substantive headteacher who is expected to be in post for September 2015. At that point the Associate Headteacher will leave the school and support from the current Executive Headteacher will be reduced to a handover and then cease as a formal agreement.

Proposals for financial support

5.10 The previous report outlined that the LA has two main options to provide financial support for schools in financial difficulty. Firstly, where it is apparent that a school is experiencing medium term difficulties that over time can be readily managed and the school return to a surplus, a licensed deficit can be agreed that allows for a temporary overspend that is eventually fully repaid.

- 5.11 Secondly, where significant budget difficulties exist, but where it is unreasonable to expect a school to be able to solve these through the management of their normal budget allocations, or where a school is at risk of falling into one of the Ofsted categories of causing concern, the School Funding Regulations allow additional funding to be provided outside the normal operation of the Funding Formula.
- 5.12 The Forum agreed that the school was not in a position to be able to take a loan for full repayment and therefore agreed 'in principle' that additional financial support should be provided from the £0.280m budget set aside for this purpose. Costing the additional support measures set out above in paragraph 5.5 indicates a required funding allocation of £0.159m in 2014-15 and £0.093m in 2015-16 which the Forum is recommended to agree. Further details are included in Confidential Annex A.
- 5.13 An annual report is presented to the Forum to review and approve funding allocations to schools through use of contingency monies that are allocated to schools, and this includes the budget to support schools in financial difficulty. Therefore, the Forum will receive regular updates on the use of allocated funds.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal provisions are contained 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 and sufficient budget exists to meet the proposed allocation which has been taken into account in the budget monitoring forecasts that on another agenda item estimate a year end deficit on the Schools Budget of £0.295m.

Impact Assessment

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

Strategic Risk Management Issues

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

Other Officers

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

7 CONSULTATION

Principal Groups Consulted

- 7.1 Not applicable, applying agreed policy.

Method of Consultation

- 7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

Scheme for Financing Schools

Contact for further information

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January 2015.doc

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Agenda Item 9

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

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