

## **NOTICE OF MEETING**

### **Schools Forum**

**Thursday 16 July 2015, 4.30 pm**

**Meeting Room 1, Fourth Floor, Easthampstead House, Town Square**

**To: The Schools Forum**

#### **Schools Members:**

Sue Barber, Primary School Governor  
Liz Cole, Primary School Representative  
Liz Cook, Secondary Head Representative  
Karen Davis, Primary Head Representative  
Brian Fries, Secondary School Governor  
Martin Gocke, Pupil Referral Unit Representative  
Keith Grainger, Secondary Head Representative  
Ruth Huckle, Primary Head Representative  
John McNab, Secondary School Governor  
Tony Reading, Primary School Governor  
Trudi Sammons, Primary School Representative  
Anne Shillcock, Special Education Representative  
Debbie Smith, Secondary Head 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)  
Kate Sillett, PVI Provider Representative  
Vacant, 14-19 Partnership Representative  
Vacant, Diocese Representative (Roman Catholic)  
One Vacancy, Diocese Representative (Church of England)

ALISON SANDERS  
Director of Corporate Services

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If you require further information, please contact: Amanda Roden  
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Published: 7 July 2015

## **Schools Forum**

**Thursday 16 July 2015, 4.30 pm**

**Meeting Room 1, Fourth Floor, Easthampstead House, Town Square**

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 12 March 2015.

1 - 4

**4. Update on Family Focus**

To provide an update on the Council's progress and successful delivery of Phase 1 the Family Focus Programme (known nationally as the Troubled Families programme), and proposals being made in respect of delivering Phase 2 of the programme.

5 - 14

**5. Education Capital Programme 2015-18**

To inform Schools Forum about the progress with the 2015/18 Education Capital Programme including the recent DfE capital grant funding announcements for a further £33m of investment into the Bracknell Forest school estate over this period.

15 - 24

**6. School Balances 2014-15**

To update members of the Schools Forum on the level of balances held by schools as at 31 March 2015, how these compare to the previous financial year and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget.

25 - 40

7. **Provisional Outturn on the Schools Budget 2014-15**  
To inform members of the Schools Forum of the provisional outturn on the 2014-15 Schools Budget, including the allocation of balances and the use of Earmarked Reserves. 41 - 52
8. **Proposals for Additional Financial Support to Schools and other Associated Matters 2015-16**  
To update members of the Schools Forum on proposals for financial support to schools, including loans and one-off funding allocations from the budget to support Schools in Financial Difficulties. 53 - 66
9. **Funding Policy for New and Expanding Schools**  
To inform the Schools Forum of the requirement to develop a revenue funding policy for new and expanding schools. 67 - 74
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 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**  
**12 MARCH 2015**  
**4.30 - 5.10 PM**

**Present:**

**Schools Members**

Liz Cook, Secondary Head Representative  
Ed Essery, Secondary School Governor  
Brian Fries, Secondary School Governor  
Martin Gocke, Pupil Referral Unit Representative  
John McNab, Secondary School Governor  
Debbie Smith, Secondary Head 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)

**Apologies for absence were received from:**

Sue Barber, Primary School Governor  
Liz Cole, Primary School Representative  
Keith Grainger, Secondary Head Representative  
David Matika, Primary School Governor  
Tony Reading, Primary School Governor  
Trudi Sammons, Primary School Representative  
Anne Shillcock, Special Education Representative

**27. Declarations of Interest**

Brian Fries declared an interest in respect of Item 5 as a governor of Easthampstead Park School.

**28. Minutes and Matters Arising**

**RESOLVED** that the minutes of the meeting held on 15 January 2015 be approved and signed by the Chairman as a correct record, subject to the following amendment:

- In relation to Item 23: 'Martin Gocke suggested that some pupils at Kennel Lane School could have been placed in mainstream schools and queried whether mainstream schools could be facilitated to be able to meet higher needs. This suggestion would be considered further' would be changed to 'Martin Gocke asked whether it would be more appropriate for Kennel Lane Special School to admit a higher proportion of children with the most severe needs with fewer admissions of pupils with relatively low needs. This suggestion would be considered further by the Council'.

## Matters Arising

There was an update relating to the 2015-16 Local Authority budget proposals reported to the last meeting relating to the capital programme. In February, the Department for Education (DfE) announced updated capital allocations to local authorities for the three year period 2015-2018. This confirmed £30.2m to the Council as follows:

- Funding for school places via the Basic Needs Grant of £6.47m in 2015/16, £10.03m in 2016-17 and £7.12m in 2017-18. This showed an increase in previously announced allocations for 2015-16 and 2016-17 of £9.4m. The 2017-18 allocation was a new allocation with the Local Authority previously planning for £3m.
- Planned Maintenance for improving school buildings would be £2.106m. This was an increase of £0.279m on the amount received in 2014-15. Local authorities had been informed that they could expect similar levels of funding for maintenance each year through to 2017-18.
- A new school kitchen grant of £0.32m. This related to providing a kitchen at Fox Hill Primary and Wildmoor Heath Primary and would mean that all mainstream schools had their own kitchen and would not require food to be transported in.
- The two secondary schools with the worst overall condition rating, Brakenhale and Edgbarrow, would be subject to improvement through the Priority Schools Building Programme 2. Precise works to be undertaken had yet to be confirmed by the DfE and would follow from site visits to each school later this year. These works were likely to be undertaken by the DfE directly and were not expected to result in a grant allocation for the Local Authority to complete the improvements.

In light of the additional funding allocations, the Local Authority was reviewing plans for school expansions and would present an update report on proposals to the Forum at the end of the summer. Overall this was good news with regard to funding allocations and this helped with capital requirements.

### **29. Proposals for the 2015-16 Early Years and High Needs Block Elements of the Schools Budget**

The Forum considered a report which sought comments from members on proposals from the Council for the 2015-16 Early Years and High Needs Block elements of the Schools Budget. There were a small number of decisions for the Forum to consider in line with the statutory funding framework.

As previously reported, there was much pressure in the area of high needs and with the DfE still to confirm the exact level of funding, this made for a difficult budget setting exercise. Nevertheless, proposals were presented that were very much in accordance with the outline proposals presented to the Forum in January, together with details of where net savings of £0.2m would be made on the range of support services available to high needs pupils that was needed to fund cost increases on pupil placements. A high needs budget of £13.829m was proposed.

In respect of the Early Years budget, again the precise amount of funding had yet to be confirmed by the DfE as allocations were based on a mix of January 2015 and January 2016 take up of the free entitlement to early years childcare and education. However, based on local authority estimates of take up, plus new income from the Early Years Pupil Premium, a budget of £5.183m was proposed. Within this, there

were a number of proposals to reset budgets based on current demand and the most important priorities in 2015-16.

The Forum **AGREED** that:

1. The Executive Member make the following decisions:

For the Early Years Block funded budgets:

- i. That funding rates for the free entitlement to early years education and childcare for 2, 3 and 4 year olds remain unchanged from those paid in the 2014-15 financial year (paragraph 5.14);
- ii. The total initial budget is set at £5.183m, it incorporates the changes set out in the supporting information, and relevant budgets are therefore updated to those set out in Annex 2.

For the High Needs Block funded budgets:

- iii. The total initial budget is set at £13.829m, it incorporates the changes set out in the supporting information, and relevant budgets are therefore updated to those set out in Annex 4.
2. In its role of statutory decision maker, that there are appropriate arrangements in place for:
    - i. Early years provision (paragraph 5.15);
    - ii. The education of pupils with SEN (paragraph 5.36), and
    - iii. The use of pupil referral units and the education of children otherwise than at school (paragraph 5.36).

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

The Forum received a report which sought members' agreement to proposals to update the Scheme for Financing Schools in respect of the control on surplus school balances and the deadline to submit budget plans to the authority. The scheme was a legally binding document and there was further information on proposals to re-word the scheme at 5.8 of the report.

The Maintained School Representatives of the Forum **AGREED** revisions to the Scheme for Financing schools, to be effective from 1 April 2015, in respect of:

- i. The control on surplus school balances, as set out in Annex 1; and
- ii. Subject to less than 10% of schools rejecting the proposed change, the deadline to submit budget plans to the authority, as set out in Annex 2.

**31. 2014-15 Funding Allocations to Schools From Budgets Centrally Managed by the LA and Other Related Matters**

The Forum received a report which presented information to members on the in-year allocation of funds to schools through School Specific Contingencies and other centrally managed budgets that are funded from the Dedicated Schools Grant (DSG) and in the first instance centrally managed by the council. Additionally, a request for a funding allocation to Warfield CE Primary School in 2015-16 was made to support the Council's school places expansion programme. All allocations to schools were in accordance with policies previously approved by the Schools Forum.

One claim for exceptional funding was received during 2014-15 relating to site costs associated with the expansion of the Pines Primary School where the Primary Professional Centre had been returned to school use to accommodate current and future increases in pupil numbers. The school was occupying the refurbished accommodation on a phased basis, meaning premises related costs were currently being incurred for a building that was significantly larger than required.

The Forum:

**NOTED** the following funding allocations to schools, made in accordance with approved policies, in respect of;

- i. significant in-year increases in pupil numbers (paragraph 5.15);
- ii. schools required to meet the Key Stage 1 Class Size regulations (paragraph 5.19);
- iii. new and expanding schools (paragraph 5.20);
- iv. those with a disproportionate number of SEN pupils (paragraph 5.23);
- v. support to schools in financial difficulties (paragraphs 5.29 to 5.32).

**AGREED:**

- vi. an initial exceptional funding allocation of up to £15,000 for The Pines Primary School (paragraph 5.8);
- vii. that a similar approach to funding the Pines Primary School is taken in future years, until the refurbished accommodation is fully occupied (paragraph 5.7);
- viii. that no changes need to be made to the existing criteria used to distribute centrally managed funds to schools (paragraph 5.33);
- ix. that £12,000 is allocated to Warfield Primary CE School in 2015-16 to support the planning and preparation work required for the school to expand by 1 FE for September 2016 (paragraph 5.37).

### 32. **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 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. It was likely that the April and June meetings of the Forum would be cancelled but the July meeting was likely to take place. Forum members would be notified.

**CHAIRMAN**



**TO: THE SCHOOLS FORUM**  
**16th July 2015**

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**FAMILY FOCUS UPDATE REPORT**  
**Director of Children Young People & Learning**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to provide an update on the Council's progress and successful delivery of Phase 1 the Family Focus Programme (known nationally as the Troubled Families programme), and proposals being made in respect of delivering Phase 2 of the programme.

**2 RECOMMENDATIONS**

**That the Schools Forum NOTES:**

- 2.1 **The progress and success of Phase 1 of the programme.**
- 2.2 **The progression into Phase 2 of the potentially longer, five year programme, on the proposed basis set out in the body of the report.**
- 2.3 **The outline budget plan as set out in Annex 2.**

**3 REASONS FOR RECOMMENDATIONS**

- 3.1 This programme is a high priority nationally and it represents a key component of the Borough's Early Help Strategy.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 The alternative is to continue with the current pattern of service delivery with escalating costs for specialist and acute services and increasing demand for those services. These are areas of statutory expenditure, which will drive up costs to the Council. This is particularly acute in the areas of children's social care, excluded pupils and youth crime. This will result in additional financial pressure on demand led services being placed on already stretched budgets all of which impact on the department's work on Prevention and Early Intervention.

**5 SUPPORTING INFORMATION**

Background

- 5.1 Phase 1 of Troubled Families was a three year programme that commenced in 2012, part funded by the government on a payment by results basis. The programme aimed to improve outcomes for those children and families with complex needs. In addition, the programme was expected to lower costs and reduce future expenditure by lowering dependency on Council funded services.
- 5.2 The Prime Minister confirmed his intention to ensure that 120,000 troubled families would be 'turned around' by the end of this Parliament. Those families were characterised by there being no adult in the family working, children not being in school and family members being involved in crime and/or anti-social behaviour.
- 5.3 These families almost always have other, often long-standing, problems which can lead to their children repeating the cycle of disadvantage. Estimates suggest that over half of all children who are permanently excluded from school in England come from these families, as do one-in-five young offenders.

- 5.4 Other problems such as domestic violence, relationship breakdown, mental and physical health problems, substance misuse, poverty and isolation make it incredibly hard for families to start unravelling their problems. Therefore the issues tend to remain unresolved and can become entrenched.
- 5.5 The cost of these families to the public purse is significant – approximately £9 billion a year, the vast majority spent on reacting to their problems. Most importantly, the majority of that money is not necessarily providing lasting results and changing lives.

#### Prevention & Early Intervention

- 5.6 BFC is committed to invest in prevention and early intervention. The key purpose is to put in place the systems and processes which will channel the Council's resources and investment to identify needs early and take swift action to prevent family needs from escalating and requiring high cost specialist and statutory services. It will also have other direct benefits for example reducing the incidence of school exclusion and truancy; improving school attendance; promoting safer behaviour and less risk taking behaviour and reduction in anti-social behaviour and youth crime; reducing substance misuse; reducing teenage and unwanted pregnancy and reducing worklessness.
- 5.7 BFC's Approach to Prevention and Early Intervention sets out the Council's commitment to improving outcomes and well-being of residents, as well as aiming to achieve better value for money. The Family Focus programme aligns with the Council's stated approach and represents a key delivery strand of the overarching strategy. It is also a key deliverable within the early help offer.
- 5.8 The key aim of the BFC programme was to avoid families progressing to requiring high cost, statutory children's social care services and providing ongoing support to those families that can be stepped down. In this respect, the programme has been very successful. BFC has been working on the original programme since January 2012. Its key objectives were to:
- Improve timely access to holistic support for families with complex and multiple problems
  - Ensure a clear process to get the right level of support for families
  - Improve the range and quality of services for families
  - Ensure improved transition at each key stage in a child's/young person's life
  - Drive systemic change
- 5.9 The government has estimated that the average unit cost of intensive interventions that are known to work with families facing the most complex needs is around £15,000 per annum. In this programme, the government has made available up to £4,000 for local authorities to deliver an agreed package of support for each troubled family, up to a maximum agreed target number, which for BFC was 115 families, with local partners required to make up the rest of the investment.
- 5.10 Funding for Phase 1 of the programme has mainly comprised grant from the Department for Communities and Local Government (DCLG) for which there are 4 elements; a one-off start up grant of £0.020m, an annual Transformation Grant of £0.075m to finance co-ordination and management of the programme; guaranteed attachment fees for each family being worked with; Payment by Results grant paid only on successfully meeting the targets. To provide a greater financial incentive to achieve success, amounts of attachment fees reduce over the course of the programme, with payments by results grants increasing. In addition to the grant

income, the Council agreed to invest £0.1m in the programme from the Prevention and Early Intervention Reserve

- 5.11 Annex 1 sets out the actual financial performance of Phase 1. This shows spend of £0.623m, DCLG grant income of £0.6m and £0.023m draw down from the BFC Prevention and Early Intervention Reserve.

Establishing a new way of working

- 5.12 A multi-agency project team was established from a range of professionals across the council and voluntary and public service partners, this multi-agency approach greatly improved service delivery.
- 5.13 One of the key changes included each family having a named Lead Professional, an individual support plan which was delivered by a named key worker and a multi-agency team. The process looked at the barriers faced by the whole family, building on the family's strengths and providing support tailored to meet assessed need. This successful model of working is transferring to other family support services to strengthen outcomes and further develop value for money.
- 5.14 One of the key challenges was the sharing of confidential and sensitive information across partners and agencies. This was particularly acute in relation to Department of Work and Pensions (DWP) information. To address this a memorandum of understanding has been developed with each local authority that allows local information to be shared monthly. The Council has secured a dedicated DWP worker to work directly with the most complex families to reduce the risk of financial exclusion.

Achievements to date

- 5.15 BFC achieved a 100% success rate (115 families). These cases have now been closed, however the key workers will maintain contact via monthly telephone calls, where appropriate, to ensure that they do not re-enter the system and incur ongoing costs.
- 5.16 98 of the 115 families (85.3%) successfully improved the sustainable attendance and behaviour at school of their children/young people. Young people within 17 of the 115 (14.7%) families entered the workplace. This would directly impact on school stats for NEET young people and raise aspirations of young people living with parents who would previously have been receiving out of work benefits.
- 5.17 The development of the Council funded Early Intervention Hub has also been instrumental and has played a critical part in the success of the whole programme. A range of multi-agency professionals triage each case for the best focused intervention. The new family CAF has supported this activity and professionals send appropriate referrals to the Family Focus team for immediate action.
- 5.18 The project was externally audited by the DCLG and no significant issues were identified and a strong handle on data was demonstrated. No follow up actions were required and it was recommended that BFC would not need to be spot checked again during this phase of the programme.
- 5.19 A range of other key activities are supporting the work of Family Focus:
- Using complex case discussions for those families that have been through many services, over many years, and still not turned around has had some remarkable results. In one case this has resulted in a managed move back into mainstream education for the young person. Mum's general wellbeing and mental health has improved dramatically and the relationship between mother and son has become more 'normalised'. This example was used as a case study for the South East Strategic Leaders Report.

- The credit union is rolling out their full range of services in Bracknell Forest to provide a low cost debt management solution to families and prevent them and others from falling into further debt by turning to door step lenders that charge very high interest rates. Additionally *Money Matters* programmes were offered to all secondary schools.
- In partnership with Public Health a new specialist nurse post has been developed to work across the BFC area in a range of community settings and homes. This expert practitioner, in contraceptive sexual health, will deliver services to women at high risk of unintended pregnancy and poor sexual health and optimise their holistic sexual health care. They will also assess and provide wider health information, advice and support to targeted vulnerable families and refer onto specialist services if/where appropriate
- A Family Intervention Team is now in place and working more effectively in meeting the needs of complex families. This results from a re-organisation of existing Teams and roll-out of the new, improved ways of working.
- Training and Development of all family workers across a range of teams and organisations has been central to this programme. Most of the staff within existing teams have achieved a minimum level 3 NVQ 'Working with Complex Families' and many have a level 4 or are working towards. Other training includes; risk assessments, relationship training through Relate, benefits training, etc.

#### Future Programme and Funding Mechanism

- 5.20 The DCLG have confirmed that the government's Troubled Families programme will continue into a second phase with a further £200 million in funding from the treasury in 2015-2016. This is expected to be year one of a further five year programme, with a 45% increase on the annual funding provided for Phase 1. Funding beyond 2015-16 will be dependent on outcomes from the next spending review. However, it is planned that this additional funding will extend the intensive support to 400,000 high risk families to prevent problems spiralling out of control.
- 5.21 In the 2014 budget the Government announced two important next steps:
- Firstly, the Government has set out the requirement about the types of families they want to be reached in the expanded programme. In order to attract funding programmes must continue to reach families affected by poor school attendance, crime, anti-social behaviour and unemployment; reach families with vulnerable children to help them when they are younger; plus focus on big concerns such as domestic violence and mental and physical health.
  - Secondly only those local authorities that have successfully met the targets and requirements of the phase 1 programme will be eligible to commence phase 2 and receive the appropriate funding.
- 5.22 The DCLG confirmed that BFC's success and excellent progress in delivering the current Troubled Families Programme means that it is now eligible to join the second wave of 'early starter' areas for the expanded Troubled Families Programme. The early starters are considered to be the best performing areas in the country.
- 5.23 The DCLG has estimated that the total number of families eligible in BFC for inclusion in the five year expanded programme is approximately 380, a significant increase on previous targets. This figure is subject to change as further data analysis will inform the assessment of the distribution of families across the country and for BFC specifically.

- 5.24 The early starter aspect of the programme will commence at the beginning of 2015 and 19 (5% of the total estimated allocation) additional families are required to be signed up in this period. An attachment fee of £0.019m will be given to the LA for targeted work specifically with these families together with £0.019m as a supplement to the existing Transformation Grant.
- 5.25 During Phase 2, the DCLG will be focusing on the following:
- The development of an independent national evaluation for the expanded Troubled Families Programme
  - The completion and continued improvement of the Troubled Families online cost savings calculator
  - The design and implementation of a new system of Family Progress Data
  - The refinement of the indicators suggested to identify families and the development of best practice approaches to measuring significant and sustained progress with families
  - The design of the 'spot check' process for results and engagement of local authority Internal Auditors in the approval of local results claims; and
  - The introduction of a model of transparent local accountability for the success of the programme as a tool to drive greater service transformation, using streamline data collection tools
- 5.26 The Early Intervention Hub remains a central element of the Family Focus work and will be key to the ongoing success of Family Focus by providing an important pathway to targeted support and early intervention with families in need. The Hub has provided an effective mechanism to implement the Family CAF, to undertake triage of those families that have met the criteria for Family Focus support, and to facilitate the coordinated support around families that have stepped down from Tier three services with the aim of preventing them stepping back up to Tier three services. This process will continue to improve with the next phase of the programme developing a stronger interface with tier 3 enabling appropriate step down cases to be targeted for support and tracked on their progress.
- 5.27 As the project grows there will be a greater requirement on services to share information. There is an expectation that data bases will be accessible and many authorities are already investigating the options to join up their existing databases into one accessible function.
- 5.28 Each local authority will be required to develop a Family Outcomes Plan which will record each family's achievement of 'significant and sustained' progress that will be assessed against a locally defined Troubled Family Outcomes Plan that will be signed off by the DCLG. The Plans should be agreed as a local authority wide set of expectations, although they should be based on outcomes which may then be applied on a per family basis. This will provide a more localised flexible approach to measuring results.
- 5.29 Funding for Phase 2 will be different to Phase 1. Each LA can expect to receive around double the level of Transformation Grant currently being received, which equates to £0.15m for BFC. The increase reflects the greater challenges from a bigger programme, wider service transformation and increased requirements on the provision of data and information on progress. Attachment fees and payment by results will remain but are simplified and remain constant throughout the programme at £1,000 and £800 per family respectively. Should all the targets be made, then over

the 5 year period, including the early starter funding, a grant of £1.453m will be received.

5.30 Annex 2 sets out a draft budget plan for Phase 2 the key components of which are:

- Staffing, including management, co-ordination, data collection and verification, Education Psychology, Family Workers, Children In Need step down
- General running costs, including office expenses, training and ICT
- Commissioned externally delivered services, including Relate and the Credit Union
- Direct family interventions

5.31 Separate to the Family Focus work, Bracknell Forest Council has secured one of just 24 government grants available to local authorities, to help re-design local delivery of its services. The £87,500 funding is part of the DCLG 'Delivering Differently in Neighbourhoods' programme which is supporting successful councils to transform services at a neighbourhood level to meet the challenges of reduced public expenditure and increasing customer demand. The successful bid is focusing on very early help for families, the funding will see council staff working with local people and voluntary and community organisations to develop and pilot new approaches for delivering services at neighbourhood level. This project will align with the Troubled Families programme and strengthen the very Early Help Offer.

5.32 The current Troubled Families Programme has driven significant changes in the ways that local authorities, government departments and local partner agencies systematically share information to identify and work with troubled families. This is specifically the case in BFC. The expanded programme offers an opportunity to build and extend upon this area of important public service transformation.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

6.1 The contents of this report are noted

### Borough Treasurer

6.2 The anticipated financial implications arising from this report are set out in the supporting information. Due to the unpredictable nature of dealing with Troubled Families, and with significant elements of grant funding yet to be confirmed, or dependant on meeting success criteria, there is a risk that costs could ultimately exceed income. The budget will be closely monitored to evaluate the need to take management actions.

### Equalities Impact Assessment

6.3 N/A

### Strategic Risk Management Issues

6.4 If indicative funding allocations from year 1 are lower than anticipated or DCLG targets for Troubled Families are not met this will result in less income being received than included in the current budget. This will be managed by regular budget monitoring and recruitment of staff on temporary contracts to allow for managed reduction in expenditure, if required.

- 6.5 Environmental and economic factors increase pressure on acute and specialist services, increasing the number of families stepped down to tier 2 services creating a capacity issue.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 DASC, DAT, CSC, Voluntary Sector, Community Safety, LCSB Executive, CYP Partnership Board, Schools and Families.

### Method of Consultation

- 7.2 Meetings, focus groups, partnership boards, face to face discussions

### Representations Received

- 7.3 Included in the report.

### Background Papers

Financial Framework for the Expanded Troubled Families Programme November 2014

### Contact for further information

David Watkins: Chief Officer, Strategy, Resources and Early Intervention

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Karen Frost, Head of Prevention and Early Intervention

01344 354024

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### Troubled Families Project Overview

	PILOT	PHASE 1 - 2012 to 2015			
	2011/12	2012/13	2013/14	2014/15	Total
<b>B/Fwd</b>		-10,000	-78,793	-75,687	
<b>EXPENDITURE</b>					
<b>Staffing</b>		91,162	196,346	242,513	530,021
<b>ICT</b>	10,000	17,944	2,129	14,480	44,553
<b>Bought in Services</b>		4,698	2,191	13,183	20,072
<b>Direct Interventions</b>		1,222	8,200	7,353	16,775
<b>General running costs</b>		3,181	4,340	4,526	12,047
<b>Sub Total Expenditure</b>	<b>10,000</b>	<b>118,207</b>	<b>213,206</b>	<b>282,055</b>	<b>623,468</b>
<b>INCOME</b>					
<b>DCLG Grant Income</b>					
Start-up grant	-20,000				-20,000
TF Co-ordinator Grant		-75,000	-75,000	-75,000	-225,000
Attachment Fee		-112,000	-110,400	-24,000	-246,400
Payment by Results			-24,700	-83,883	-108,583
<b>BFC Prevention and Early Intervention Reserve</b>				-23,485	-23,485
<b>Sub Total Income</b>	<b>-20,000</b>	<b>-187,000</b>	<b>-210,100</b>	<b>-206,368</b>	<b>-623,468</b>
<b>Total (c/fwd)</b>	<b>-10,000</b>	<b>-78,793</b>	<b>-75,687</b>	<b>-0</b>	<b>-0</b>



### Troubled Families Project Overview

PHASE 2 - 2015 to 2020							
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
B/Fwd		-36,500	-9,648	-0	-0	-0	
EXPENDITURE							
Staffing	1,500	241,540	246,371	251,298	256,324	261,618	1,258,650
Training & Conferences		2,000	2,020	2,040	2,061	2,081	10,202
ICT		7,000	7,070	7,141	7,212	7,284	35,707
Bought in Services		19,750	19,993	20,237	20,485	20,221	100,685
Direct Interventions		21,812	22,030	22,250	22,473	22,698	111,263
General running costs		2,550	2,576	2,601	2,627	2,654	13,008
Sub Total Expenditure	1,500	294,652	300,059	305,568	311,182	316,555	1,529,515
INCOME							
DCLG Grant Income							
Start-up grant							0
TF Co-ordinator Grant	-19,000	-150,000	-150,000	-150,000	-150,000	-150,000	-769,000
Attachment Fee	-19,000	-57,000	-76,000	-76,000	-76,000	-76,000	-380,000
Payment by Results		-60,800	-60,800	-60,800	-60,800	-60,800	-304,000
BFC Prevention and Early Intervention Reserve		0	-3,611	-18,768	-24,382	-29,754	-76,515
Sub Total Income	-38,000	-267,800	-290,411	-305,568	-311,182	-316,554	-1,529,515
Total (c/fwd)	-36,500	-9,648	-0	-0	-0	0	0

Note: The expenditure and income cash flows across years are illustrative and will vary depending on the actual timing of costs and the receipt of grant, most notably the reward element. Any year end over or under spending will need to be dealt with through the normal budget and accounts closedown processes to ensure that over the life of the project, the costs and income align, subject to any variance at the conclusion.

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Unrestricted

TO: SCHOOLS FORUM  
DATE: 16 JULY 2015

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**EDUCATION CAPITAL PROGRAMME 2015/18**  
**Chief Officer Strategy, Resources & Early Intervention**

**1 INTRODUCTION**

- 1.1 The purpose of this report is to inform Schools Forum about the progress with the 2015/18 Education Capital Programme including the recent DfE capital grant funding announcements for a further £33m of investment into the Bracknell Forest school estate over this period.

**2 RECOMMENDATION**

- 2.1 That Schools Forum notes the progress with the 2015/18 Education Capital Programme including the recent DfE capital grant funding announcements for a further £33m of investment into the Bracknell Forest school estate over this period.

**3 REASONS FOR RECOMMENDATION**

- 3.1 The Education Capital Programme constitutes a significant investment into the schools estate and as such it is appropriate that Schools Forum has an over view of the scope and impact of the funding on schools across the Borough.

**4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 None

**5 SUPPORTING INFORMATION**

Executive Summary

- 5.1 Funding levels suggest that the Education Capital Programme will continue to bring circa £10m of investment into the school estate per annum over the next three years. In addition we have bid for and won a number of other key funding streams. The majority of the funding is given for creation of new school places which continues to be the main focus of the Programme.

Background

- 5.2 DfE capital grants have accounted for the majority of the funding on the Education Capital Programme for a number of years, and have been allocated to the Council under a number of different funding streams.
- 5.3 In February DfE confirmed a number of funding announcements in respect of the three year period 2015/18 which are set out individually in the paragraphs below, and in summary on the attached APPENDIX A. This included increased allocations on previous announcements and also allocations under new grants. DfE capital grants received in the previous two financial years have been included in the tables for comparison.

## Unrestricted

- 5.4 The Council approved the Education Capital Programme funding in advance of these new allocations. An update report will be presented on 21 July, a copy of which is attached as APPENDIX C.

### Basic Need Grant

- 5.5 Is given for creation of new school places, and Bracknell Forest will receive £25.3m of funding in 2015/18 bringing the five year total for 2013/18 to £31.2m. This funding will be used to pay for the major school capacity projects required to meet the Council's statutory duty to provide sufficient school places going forwards. The details of this grant are set out on Table One below.

Table One: Basic Need Grant 2013/18

Funding Stream	Previous Years			Future Years				5 Year
	2013/14 £000	2014/15 £000	Total £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000	Total £000
Basic Need Grant	2,937	2,936	5,873	6,470	10,030	8,812	25,312	31,185

### Universal Infant Free School Meals (UIFSM) Grant

- 5.6 Is given for works to support the introduction of UIFSMs for Key Stage 1 from September 2014. DfE's original funding announcement in December 2013 was given to all local authorities, but they invited bids in November 2014 for a second funding round in 2015/16. BFC submitted bids for five specific schools where need had been identified of which two were successful. These two bids were to provide manned kitchens at Fox Hill and Wildmoor Heath Primary schools whose school meals are currently cooked offsite and transported to the schools in hot boxes. Bracknell Forest will receive £0.3m of funding in 2015/18 bringing the five year total for 2013/18 to £0.6m as set out on Table Two below:

Table Two: UIFSM Grant 2013/18

Funding Stream	Previous Years			Future Years				5 Year
	2013/14 £000	2014/15 £000	Total £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000	Total £000
Universal Infant FSMs	0	282	282	320	0	0	320	602

### Schools Capital Maintenance Grant

- 5.7 Is given for planned maintenance works in schools, and funding allocations for 2015/16 onwards are based on Property Data Surveys (see following paragraph) of Bracknell Forest Schools. Bracknell Forest will receive £6.3m in 2015/18 which will bring the five year total for 2013/18 to £10.0m as set out on Table Three below. Roof repairs will take up the majority of this funding in 2015/16, including at Brakenhale, Birch Hill, Owlsmoor and New Scotland Hill.

Table Three: Schools Capital Maintenance Grant 2013/18

Funding Stream	Previous Years			Future Years				5 Year
	2013/14 £000	2014/15 £000	Total £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000	Total £000
Schools Capital Maintenance	1,843	1,827	3,670	2,106	2,106	2,106	6,318	9,988

### Property Data Surveys

- 5.8 Property Data Surveys of Bracknell Forest schools were undertaken by consultants working for the Education Funding Agency (EFA) in 2014/15. They are similar in concept to the condition surveys undertaken by the Council but do not go into so much detail. Their purpose is to help EFA to prioritise central government funding for schools for capital maintenance across all Responsible Bodies (RBs) including LAs and Governing Bodies of VA schools who

## Unrestricted

maintain their own buildings. For information summary dashboards from the EFA are attached as APPENDIX B.

5.9 Schools Forum may wish to note that the Property Data Survey dashboards suggest that:

- BFC maintained schools sit in the third quartile (68.5%) of identified condition need across all 352 RBs, which means the condition of our maintained school buildings is better than 31.5% of RBs.
- BFC VA schools sit in the second quartile (48.6%) of identified condition need across all 352 RBs, which means the condition of our VA school buildings is better than 51.4% of RBs.

### Priority Schools Building Programme 2

- 5.10 A further development regarding condition need is that Bracknell Forest Council has successfully bid for funding for under the EFA Priority Schools Building Programme – PSBP2. This is a new capital grant funding stream worth £2bn nationally, delivered through a five year programme of works between 2015-21. EFAs intention is to undertake major rebuilding and/or refurbishment projects in schools and sixth form colleges in the very worst condition.
- 5.11 We submitted bids for the five schools that had the highest condition need from the condition surveys and two of these were successful; Edgbarrow and Brakenhale. We are currently awaiting details from the EFA on the scope, budget and timescales for the works at both schools. This new programme of work is expected to reduce the current levels of condition need at both schools in the affected areas.

### Devolved Formula Capital (DFC)

- 5.12 Is given direct to schools to enable them to implement small projects under their devolved authority. Funding allocations are formulaic based on a lump sum allocation of £4,000 per school plus an amount per pupil, and Schools Forum will recall that DFC allocations were previously reduced by approximately 80% from when Schools Capital Maintenance Grant to local authorities commenced. Schools have to seek approval from the Council to release DFC funding to specific projects. Bracknell Forest schools will receive £1.0m of funding in 2015/18 bringing the five year total for 2013/18 to £1.6m as set out on Table Four below:

Table Four: Devolved Formula Capital 2013/18

Funding Stream	Previous Years			Future Years				5 Year
	2013/14 £000	2014/15 £000	Total £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000	Total £000
Devolved Formula Capital	316	335	651	327	327	327	981	1,632

### VA Schools and Academies

- 5.13 Under the same DfE funding announcements Bracknell Forest Council VA Schools and Academies can expect to receive up to £0.9m of capital grant funding over the three year period 2015/18 as set out on Table Five below:

## Unrestricted

Table Five: VA Schools and Academies Funding 2013/18

Funding Stream		Previous Years			Future Years				5 Year
		2013/14	2014/15	Total	2015/16	2016/17	2017/18	Total	Total
		£000	£000	£000	£000	£000	£000	£000	£000
VA Schools	Devolved Formula Capital	44	44	88	38	38	38	114	202
	LCVAP	255	277	532	222	222	222	666	1,198
	Universal Free School Meals	0	65	65	0	tbc	tbc	tbc	65
Academies	Devolved Formula Capital	22	22	44	28	28	28	84	128
	TOTALS:	320	408	728	288	288	288	864	1,592

### 2015/18 Education Capital Programme

- 5.14 The 2015/18 Education Capital Programme was approved by the Executive in February 2015, before the DfE Capital grant announcements. The revised and current CYPL Capital Programme reflecting receipt of the above grants is set out in APPENDIX C.

## **6. ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The contents of this report are noted and no legal issues arise from the matters discussed in it.

### Borough Treasurer

- 6.2 The financial implications are set out in the supporting information.

### Equalities Impact Assessment

- 6.3 These will be considered on an individual basis for each approved project.

### Strategic Risk Management Issues

- 6.4 None identified.

### Other Officers

- 6.5 Not applicable.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 The Headteachers and Governors at individual schools subject of projects.  
 7.2 Education Capital Programme Board  
 7.2 Planned Works Programme Board  
 7.3 Neighbours and the wider school community at individual schools subject of projects.

### Method of Consultation

- 7.4 Individual Headteachers and Governors at meetings and presentations.  
 7.5 Education Capital Programme Board at quarterly meetings  
 7.6 Planned Works Programme Board at quarterly meetings  
 7.7 Neighbours and the wider school community at pre-planning consultations.

### Representations Received

- 7.8 The representations of the two programme boards shape the scope of the Education Capital Programme and Planned Works Programme going forward including selection of individual projects to be implemented.

- 7.9 The views of Headteachers and Governors at individual schools subject of projects help to shape the design process at each school culminating in the sign off-of the plans and drawings prior to construction.
- 7.10 Pre-planning consultations provide the Planning Authority with a view of the overall support for the projects including all relevant stakeholders. Designs have been changed where pre-planning consultations have highlighted particular issues raised by stakeholders.

#### Background Papers

APPENDIX A	DfE Capital Grant Funding for Bracknell Forest 2013/18
APPENDIX B	Education Funding Agency Condition Dashboard Guidance
APPENDIX C	2015/16 Education Capital Programme

#### Contacts for Further Information

David Watkins 01344 354061	Chief Officer: Strategy, Resources & Early intervention <a href="mailto:david.watkins@bracknell-forest.gov.uk">david.watkins@bracknell-forest.gov.uk</a>
Chris Taylor 01344 354062	Head of Education Capital & Property <a href="mailto:chris.taylor@bracknell-forest.gov.uk">chris.taylor@bracknell-forest.gov.uk</a>

## DfE Capital Grant Funding for Bracknell Forest 2013/18

Apr-15

Funding Stream		Previous Years			Future Years				5 Year
		2013/14 £000	2014/15 £000	Total £000	2015/16 £000	2016/17 £000	2017/18 £000	Total £000	Total £000
Maintained Schools	Basic Need Grant	2,937	2,936	5,873	6,470	10,030	8,812	25,312	31,185
	Targeted Basic Need Grant	819	6,813	7,632	0	tbc	tbc	0	7,632
	Universal Infant FSMs	0	282	282	320	0	0	320	602
	Schools Capital Maintenance	1,843	1,827	3,670	2,106	2,106	2,106	6,318	9,988
	Devolved Formula Capital	316	335	651	327	327	327	981	1,632
	Priority Schools Bldg Pgm 2	0	0	0	tbc	tbc	tbc	tbc	tbc
	<b>Sub Total:</b>	<b>5,915</b>	<b>12,193</b>	<b>18,108</b>	<b>9,223</b>	<b>12,463</b>	<b>11,245</b>	<b>32,931</b>	<b>51,039</b>
VA Schools	Devolved Formula Capital	44	44	88	38	38	38	114	202
	LCVAP	255	277	532	222	222	222	666	1,198
	Universal Free School Meals	0	65	65	0	tbc	tbc	tbc	65
	<b>Sub Total:</b>	<b>299</b>	<b>321</b>	<b>620</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>780</b>	<b>1,400</b>
Academies	Devolved Formula Capital	22	22	44	28	28	28	84	128
<b>TOTALS:</b>		<b>6,235</b>	<b>12,536</b>	<b>18,771</b>	<b>9,511</b>	<b>12,751</b>	<b>11,533</b>	<b>33,795</b>	<b>52,566</b>

Indicative allocations



### Condition Dashboard Guidance

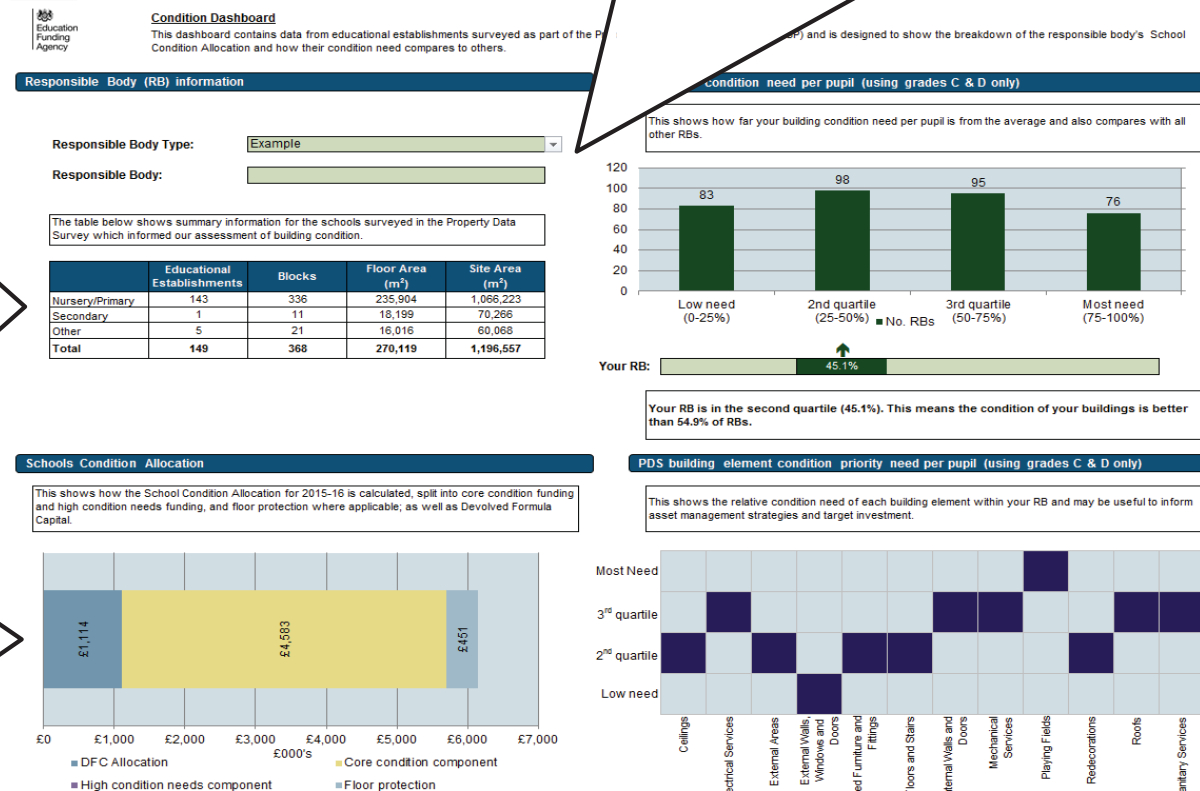
The condition dashboard has been created to provide those bodies responsible for the maintenance of school buildings (responsible bodies) with information on their relative condition need and to help them understand what drives their School Condition Allocations for 2015-16 to 2017-18. The dashboard makes use of information from the Property Data Survey Programme (PDSP) which ran from 2012-2014 and is designed to help inform local prioritisation and decision-making; as well as providing greater understanding of the wider condition of the school estate.

For any queries, please contact the EFA using the following email address:

[PDSP-DATA-RELEASE.EFACAPITAL@education.gsi.gov.uk](mailto:PDSP-DATA-RELEASE.EFACAPITAL@education.gsi.gov.uk)

#### Responsible Body (RB) selection:

The first green box shows the type of responsible body (local authority, local authority voluntary aided, or multi-academy trust). The second green box shows which local authority area or trust has been selected.



#### Condition need:

Responsible bodies will receive high condition needs funding if the condition of their institutions puts them in the worst 25% of responsible bodies, according to aggregate need per pupil.

#### Quartile ranges:

In this example, this shows that the relatively low level of need relating to external walls, windows and doors in your responsible body falls within the lowest quartile compared to the need relating to external walls, windows and doors across all other responsible bodies, whereas the level of need for playing fields is relatively high, falling in the most need quartile when compared to all other responsible bodies.

#### Data used:

This represents the educational establishments that were used to compile the data in this dashboard, and includes total building and site area.

#### School Condition Allocations:

This shows what makes up the funding allocation to each responsible body.

**Condition Dashboard**

This dashboard contains data from educational establishments surveyed as part of the Property Data Survey Programme (PDSP) and is designed to show the breakdown of the responsible body's School Condition Allocation and how their condition need compares to others.

**Responsible Body (RB) information**

Responsible Body Type:

LA\_Maintained

Responsible Body:

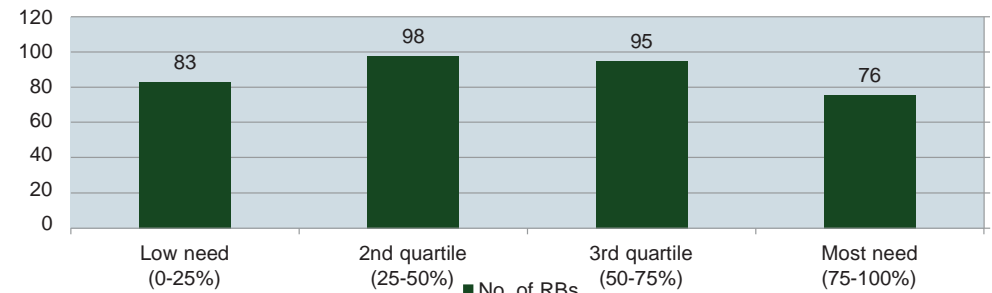
Bracknell Forest

The table below shows summary information for the schools surveyed in the Property Data Survey which informed our assessment of building condition.

	Educational Establishments	Blocks	Floor Area (m <sup>2</sup> )	Site Area (m <sup>2</sup> )
Nursery/Primary	25	90	57,938	263,111
Secondary	4	39	46,517	181,885
Other	2	13	5,958	21,496
<b>Total</b>	<b>31</b>	<b>142</b>	<b>110,413</b>	<b>466,492</b>

**Total PDS condition need per pupil (using grades C & D only)**

This shows how far your building condition need per pupil is from the average and also compares with all other responsible bodies (RBs)



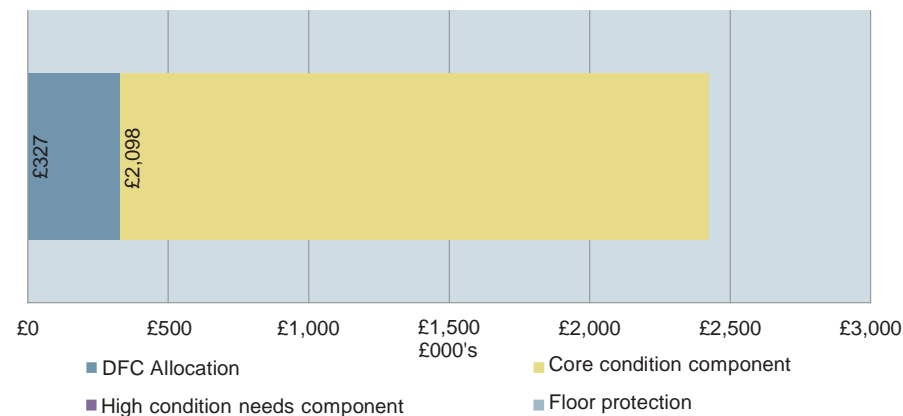
Your RB:

68.5%

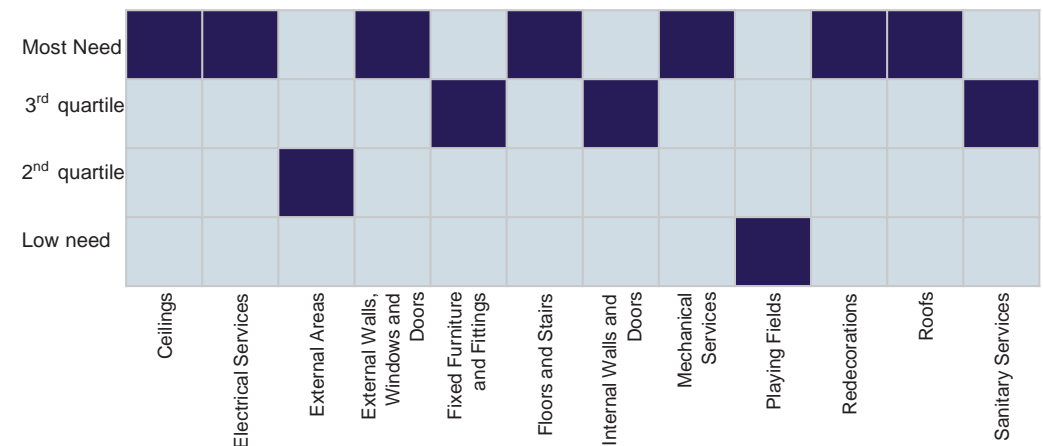
Your RB is in the third quartile (68.5%). This means the condition of your buildings is better than 31.5% of RBs.

**Schools Condition Allocation**

This shows how the School Condition Allocation for 2015-16 is calculated, split into core condition funding and high condition needs funding, and floor protection where applicable; as well as Devolved Formula Capital.

**PDS building element condition priority need per pupil (using grades C & D only)**

This shows the relative condition need of each building element within your RB and may be useful to inform asset management strategies and target investment.





### Condition Dashboard

This dashboard contains data from educational establishments surveyed as part of the Property Data Survey Programme (PDSP) and is designed to show the breakdown of the responsible body's School Condition Allocation and how their condition need compares to others.

#### Responsible Body (RB) information

Responsible Body Type: **LA\_Maintained\_Voluntary\_Aided**

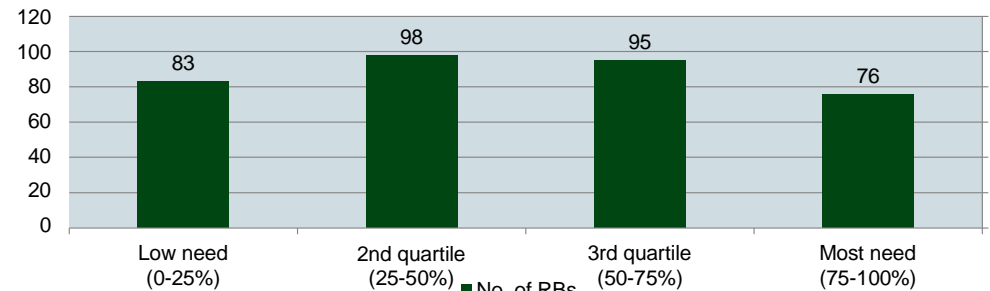
Responsible Body: **Bracknell Forest**

The table below shows summary information for the schools surveyed in the Property Data Survey which informed our assessment of building condition.

	Educational Establishments	Blocks	Floor Area (m <sup>2</sup> )	Site Area (m <sup>2</sup> )
Nursery/Primary	4	13	6,521	25,780
Secondary	0	0	0	0
Other	0	0	0	0
<b>Total</b>	<b>4</b>	<b>13</b>	<b>6,521</b>	<b>25,780</b>

#### Total PDS condition need per pupil (using grades C & D only)

This shows how far your building condition need per pupil is from the average and also compares with all other responsible bodies (RBs)



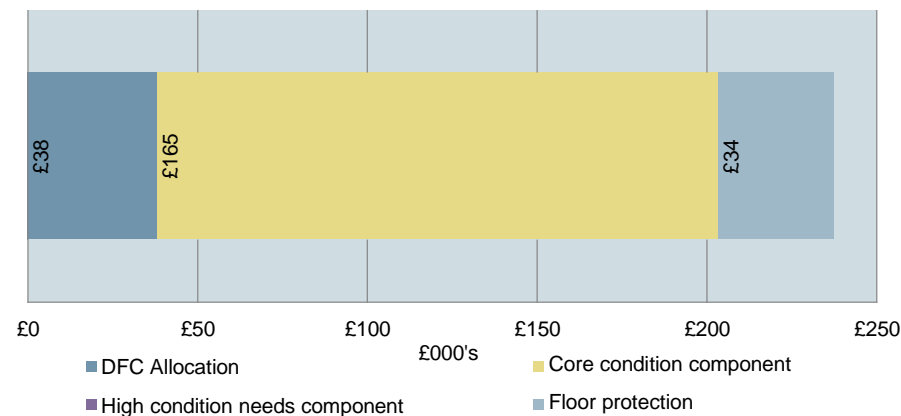
Your RB:



Your RB is in the second quartile (48.6%). This means the condition of your buildings is better than 51.4% of RBs.

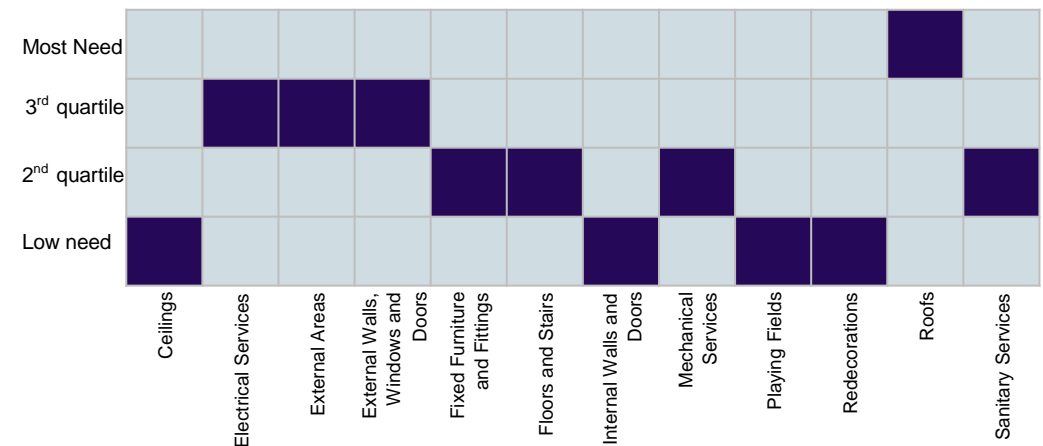
#### Schools Condition Allocation

This shows how the School Condition Allocation for 2015-16 is calculated, split into core condition funding and high condition needs funding, and floor protection where applicable; as well as Devolved Formula Capital.



#### PDS building element condition priority need per pupil (using grades C & D only)

This shows the relative condition need of each building element within your RB and may be useful to inform asset management strategies and target investment.



## 2015/16 EDUCATION CAPITAL PROGRAMME

Externally Funded School Related Schemes Only	2015-16 Proposed Budget			Narrative
	Approved by full Council February £000	Revised budget for approval £000	Change proposed £000	
<b>PRIMARY</b>				
Amen Corner North	10.0	35.2	25.2	Client fees for developer construct of new 1FE Primary school building
Amen Corner South	13.0	10.0	-3.0	Client fees for developer construct of new 1FE Primary school building (capable of future expansion to 2FE)
Cranbourne Classroom & Nursery	294.0	691.6	397.6	Replacement of Nursery and Reception modular buildings plus creation of a new surge classroom
Crown Wood Surge & Expansion	25.0	145.8	120.8	Playing field drainage and an outstanding unresolved contractor claim
TRL	17.0	10.4	-6.6	Client fees for developer construct of a new 2FE primary school building (capable of future expansion to 3FE)
Fox Hill	0.0	196.9	196.9	Creation of a new school meals kitchen
Great Hollands Surge & Expansion	1,190.0	717.4	-472.6	First phase of expansion of this school by 1FE from 2FE to 3FE
Harmans Water	25.0	75.0	50.0	Disabled Access for specific pupils (currently awaiting confirmation of school places being offered and accepted).
Holly Spring Surge & Expansion	0.0	27.0	27.0	Completion of the expansion to 3FE plus furniture for infant surge class moving up into the Junior School from Sep-16
Meadow Vale Surge & Expansion	10.0	30.0	20.0	Furniture and ICT for the surge classroom plus an outstanding unresolved contractor claim
Owlsmoor Surge & Expansion	707.0	1,020.0	313.0	Final phase of expansion of this school from 2.5FE to 3FE
Warfield West	13.0	70.9	57.9	Client fees for developer construct of this 2FE primary school building
Warfield East	0.0	10.4	10.4	Client fees for developer construct of new 2FE primary school building (capable of future expansion to 3FE)
Wildmoor Heath	0.0	290.0	290.0	Creation of a new School meals kitchen
Wildridings Surge & Expansion	0.0	17.2	17.2	Surge classroom for Sep-16
Winkfield St Mary's Surge Classroom	0.0	242.8	242.8	Creation of a surge classroom
<b>SECONDARY</b>				
Brakenhale Expansion	0.0	54.0	54.0	Final Phase 4 of expansion from 6.5 to 7FE (post 16 works)
Easthampstead Park Refurbishment	15.0	506.4	491.4	Refurbishment to create toilets etc. to support additional pupil numbers
Edgbarrow Expansion	608.0	1,000.0	392.0	First phase of expansion of this school from 7FE to 8FE
Sandhurst	0.0	15.0	15.0	Creation of a masterplan for the redevelopment and future expansion of this school
Garth Hill Expansion	164.0	265.0	101.0	Expansion of this school from 9FE to 10.4FE (Post 16 centre works)
<b>SPECIAL</b>				
Eastern Road SEN	350.0	703.0	353.0	Creation of a new SEN facility on the Eastern Road site
<b>PMO</b>	200.0	309.8	109.8	Programme management Office costs for running the Capital Programme
<b>S106</b>				
General contributions to be allocated	175.0	175.0	0.0	
<b>Total Planned Spend Reported to ECPB</b>	<b>3,816.0</b>	<b>6,618.9</b>	<b>2,802.9</b>	
<b>OTHER SCHEMES</b>				
Schools Planned Maintenance		1,886.0	1,886.0	Planned Works programme across all schools including planned maintenance, disabled access, asbestos etc.
Schools Devolved Formula Capital		327.0	327.0	Capital funding for schools to prioritise, taking account of the asset management plan
<b>Total Planned Spend Other Schemes</b>	<b>0.0</b>	<b>2,213.0</b>	<b>2,213.0</b>	
<b>Total Planned Spend Reported to ECPB</b>	<b>3,816.0</b>	<b>8,831.9</b>	<b>5,015.9</b>	

EXTERNAL FUNDING SOURCE			
DfE Basic Need Grant	3,477.0	6,470.0	2,993.0
DfE Universal Infant Free School Meals Grant	0.0	320.0	320.0
Schools Capital Maintenance Grant	0.0	2,106.0	2,106.0
Schools Devolved Formula Capital	0.0	327.0	327.0
<b>Total Anticipated Grant Funding:</b>	<b>3,477.0</b>	<b>9,223.0</b>	<b>5,746.0</b>
S106 for Garth Hill College	164.0	164.0	0.0
S106 Smaller expected general contributions	175.0	175.0	0.0
<b>Total Anticipated External Funding:</b>	<b>3,816.0</b>	<b>9,562.0</b>	<b>5,746.0</b>
Carry Forward of grant into 2016/17	0.0	730.1	

**TO: SCHOOLS FORUM**  
**Date 16 JULY 2015**

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**2014-15 SCHOOL BALANCES**  
**Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.1 This is an annual report, the purpose of which is to update members of the Schools Forum on the level of balances held by schools as at 31 March 2015, how these compare to the previous financial year and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget.

**2 RECOMMENDATIONS**

**That the Schools Forum NOTES:**

- 2.1 The key performance information on all school balances, as set out in paragraph 5.4;
- 2.2 That due to the significant size of surplus, it is more appropriate to draw conclusions from overall school performance excluding Harmanswater Primary School, as set out in paragraph 5.6, and in particular;
- i. At 4.6%, average balances are considered adequate to cover unforeseen circumstances;
  - ii. Aggregate surplus balances continue to decline, with an in-year reduction of £0.644m (-17%);
  - iii. Secondary schools are drawing down more from their reserves than primary schools.

**That the Schools Forum AGREES:**

- 2.3 That all of the qualifying significant surplus balances held by schools has been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back (paragraph 5.15).
- 2.4 The claw-back scheme text is updated to make clear that primary schools can retain the higher of £150,000 or 16% of annual income, subject to providing a valid explanation (paragraph 5.20).

**3 REASONS FOR RECOMMENDATIONS**

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

## **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not applicable.

## **5 SUPPORTING INFORMATION**

### Calculating Statutory School Balances

- 5.1 The School Funding Framework provides a statutory requirement for the balance of expenditure made by each school compared to its budget share to be carried forward for use by individual governing bodies in the next financial year. This requirement is confirmed in the Scheme for Financing Schools which applies to both surplus and deficit balances and relates to all revenue funds held by schools in local authority accounts.
- 5.2 Attached at Annex A is a list of individual school balances as at 31 March 2015. For comparison, the annex also shows the change from the 2013-14 year end position. Annex B provides a summary profile of deficit and surplus balances.
- 5.3 As indicated on the 2013-14 school balances report, in presenting this data for 2014-15, there is a change in the calculation of the year end balance as a percentage of budget. Rather than including the balance from the previous financial year within the total funding for the year, the calculation will now be made only against the income received for the relevant year. This change ensures that percentages are not distorted by significant prior year surplus balances. It has the effect of increasing the percentage rate for individual school balances and categorising more schools with significant surpluses, but is considered the most appropriate calculation to make. There is no change in the level of balance at an individual school, just the percentage rate the balance comprises compared to income.

### General comments on school balances

- 5.4 Some comments on the analysis are as follows:
1. Aggregate surplus balances have decreased by £0.351m, from £4.438m to £4.086m. This is a decrease of 7.8%.
  2. There has been a net increase in surplus balances in the primary and PRU sectors of £0.242m (+7.9%). Aggregate surpluses in the secondary and special sectors have decreased by £0.593m (-41.0%).
  3. On average, at 6.0% of total budget, overall reserves are considered to be at a more than adequate level required for working balances to cover unforeseen circumstances and therefore more money could have been spent by schools on their key objectives.
  4. The aggregate surplus balance of £4.086m comprises £4.223m from surpluses (was £4.467m) and £0.136m in deficits (was £0.029m). There has been a deterioration in both the level of surpluses and deficit balances.
  5. The average surplus balance for a primary school is £0.104m (9.0%) and £0.160m (2.5%) for secondaries.

6. The largest surplus balance as a percentage of budget is 45.0% (was 32.4%) and the greatest deficit is 4.3% (was 2.0%). There are very limited circumstances where a surplus balance of 45.0% of annual income can be warranted.
7. Two primary schools were in deficit at the end of the 2014-15 financial year. For Wildmoor Heath, the Forum has previously agreed a loan arrangement with the school and taking the advance into account means there was a £0.020m deficit (2.6% of annual income from the LA) rather than the £0.032m indicated. For Binfield Primary School, there was a very small deficit of under £0.001m which is considered an immaterial amount in comparison to the size of the total budget.  
For Kennel Lane Special School, a small deficit of £0.010m is reported (0.29% of income from the LA). This mainly reflects a number of outstanding funding adjustments expected to be agreed with BFC but which had not been resolved by the end of the financial year. An additional £0.022m has now been agreed in 2015-16, and this exceeds the amount of over spending.  
For each of the above three schools, a balanced budget plan has been received for 2015-16 which is expected to be delivered.  
In respect of Sandhurst Secondary School, the deficit amounts to £0.093m (2.07% of annual income from the LA). A new loan advance is proposed on a separate agenda item that based on current information would manage the school to a surplus balance over the medium term, including repayment of the current deficit.

5.5 In considering these balances, it is clear that any analysis of average school performance is significantly distorted by the £1.055m surplus held by Harmanswater Primary School, which is equivalent to 25.8% of the aggregate level of surplus balances. Therefore Annexes D and E have been added with Harmanswater excluded. Overall conclusions on school balances are therefore drawn from Annexes D and E. More information on the intended use of the significant surplus at Harmanswater Primary School is provided below at paragraph 5.17 which shows a robust spending plan is now in place.

5.6 Some comments on the analysis excluding Harmanswater Primary School are as follows:

1. Aggregate surplus balances have decreased by £0.644m, from £3.675m to £3.031m. This is a decrease of 17.2%.
2. There has been a net decrease in surplus balances in the primary and PRU sectors of £0.051m (-2.2%). Aggregate surpluses in the secondary and special sectors have decreased by £0.593m (-41.0%).
3. On average, at 4.6% of total budget, overall reserves are considered to be at an adequate level required for working balances to cover unforeseen circumstances.
4. The aggregate surplus balance of £3.031m comprises £3.168m from surpluses (was £3.705m) and £0.136m in deficits (was £0.029m). There has been a deterioration in both the level of surpluses and deficit balances.
5. The average surplus balance for a primary school is £0.072m (6.4%) and £0.160m (2.5%) for secondaries.

6. The largest surplus balance as a percentage of budget is 20.5% (was 17.2%) and the greatest deficit is 4.3% (was 2.0%).
- 5.7 Overall, schools have continued to draw on their reserves with the aggregate surplus balance once again reducing. This reflects the spending of significant surplus balances by some schools and the impact of long term cash flat financial settlements and the pressure this brings in balancing budgets.
- 5.8 If, as expected, the trend of declining balances continues over the medium term, this is expected to have an impact on the capacity of the Forum to approve loans to schools to manage short term funding difficulties. This is because advances are financed from the collective surplus balances held by schools, capped to maximum of no more that 40% of total balances. Another item on tonight's agenda recommends approving loan advances of £0.95m. This requires £2.375m of surplus balances, and whilst this is comfortably exceeded by the current £4.087m amount, granting new loans may become more difficult in the future.

#### Significant surplus balances

- 5.9 Following consultation with schools, the Forum agreed that where significant balances are not being held for a valid purpose a claw-back scheme would be applied to remove relevant amounts for re-distribution within the Schools Budget. This was based on the principle that generally speaking, the significant majority of annual funding should be spent on pupils in school that year and not held back unnecessarily.
- 5.10 Whilst there is no desire to claw-back money from schools, and that has been the case to date, there is still a responsibility to challenge those with the largest surpluses as to why more is not being spent on the educational needs of pupils in schools right now. Taking account of the data on 2013-14 balances, and the on-going trend of increasing surpluses in a small number of schools, the Forum agreed changes to the claw-back scheme should be introduced from April 2015 as follows:
  - a. Removing the clause that schools losing money from the April 2013 funding reforms are excluded from the scheme. Based on 2013-14 data, this would bring 7 more schools with significant surpluses within the scheme conditions with aggregate significant surplus balances of £0.992m.
  - b. Current 5% and 8% thresholds should continue to determine what a significant surplus is, but then apply an absolute cap to the level of a surplus balance that can be retained.
  - c. Set an absolute cap at double the current threshold, so potentially the highest of 16% of annual income or £0.150m for primary, special and PRUs or 10% for secondary schools. The retention of money above this level would be conditional on individual cases made by schools to the Schools Forum, but the expectation would be that any significant surplus balance above the second threshold would be lost.

Note, the £0.150m minimum level for primary, special and PRU would represent a 21% balance for the smallest school, a 16% cap would be £0.114m which is considered too low. No minimum level is proposed for secondary schools as a 10% balance equates to £0.483m for the smallest school, which is considered more than adequate.



Annex C sets out the agreed policy for the scheme to claw-back significant surplus balances.

- 5.11 Members of the Forum will recall that the main principle of the claw-back scheme is that balances in excess of 5% for secondary and 8% for primary and special schools or PRUs have been defined as significant and schools should provide information of intended use where balances exceed these levels. A range of valid purposes have been agreed that permit schools to retain surplus balances above these levels. If funds are not being held for a valid reason, then they are subject to claw-back.
- 5.12 Including Harmanswater Primary, fifteen schools were identified as holding a significant surplus, which is an increase of four compared to the end of 2014-15. The aggregate level of significant surplus balances amounts to £1.268m, a decrease of £0.168m (11.7%). This is shown at Annex B.
- 5.13 Relevant schools have provided headteacher certified statements that confirm that these funds are being held for valid reasons, as set out in the scheme, and all the significant surpluses are planned to be spent during the next 5 years with around 70% profiled for 2015-16 and 2016-17.
- 5.14 In terms of the likelihood of schools completing the spend to schedule, plans have been categorised between uncommitted if governors have yet to agree the project, approved, once formally signed off by governors, and complete where spend has now been incurred. A summary analysis shows that around 15% of significant surpluses have now been spent, another 60% have been approved, with 25% uncommitted.
- 5.15 Based on these returns, the Forum is therefore recommended to agree that no claw-back should be applied to 2014-15 balances. A summary of intended use of the significant surpluses is as follows:
- £1.337m for capital buildings and construction
  - £0.092m for furniture, IT and other one-off expenditure of a capital nature
  - £0.054m for staffing remodelling and restructuring

Note: schools have indicated that more money will be spent on these items than is held on significant surpluses, with the excess being financed from within surpluses not categorised as significant.

- 5.16 The analysis of planned spend once again shows a strong emphasis on capital related schemes, with 90% considered capital related and only 10% day to day costs which is the intended spend for what the money has been allocated for. Whilst it is important to maintain and develop school buildings and other assets to make school facilities fit for purpose, the spending plans of schools are considered to place too much importance on fixed assets.
- 5.17 Two schools currently retain balances that exceed the absolute cap now in place in the claw back-scheme (paragraph 5.10 (c) refers); Harmanswater Primary School at £0.679m and St Joseph's Catholic Primary School at £0.014m. The scheme allows schools two years to adjust to this new condition. For Harmanswater Primary School, discussions have been held with the LA over a suitable plan to invest the majority of funds in upgrading the school infrastructure, including remodelling and upgrading classrooms and other areas of the school and the ICT network, with funds also planned to be spent on school staffing. An Asset Management Plan has been

approved by governors that sets out a timetable for the work and Atkins Global, the Council's Managing Partner for the delivery of the Education Capital Programme have been engaged to facilitate the delivery of the programme. This is considered a robust spending plan.

- 5.18 For St Joseph's Catholic Primary School, plans are currently being worked up following a commercial feasibility study in 2014-15 for the refurbishment of 4 classes, an ICT / Library area and reconfiguration of the top story buildings. Governors have yet to approve the final project which is anticipated to run between 2016-17 and 2017-18. Until the works are approved by governors, there is a risk that the school will not have managed down the significant surplus balance and could face claw-back.

Proposed change to claw-back scheme text

- 5.19 In calculating 2014-15 school balances, it has become apparent that the approved claw-back scheme text needs clarification in relation to the balance primary schools can hold before being subject to the absolute cap. This relates to allowing primary schools to retain the higher of £150,000 and 16% of budget share:
- 5.20 The Forum is recommended to agree that the following amendments to the existing text in paragraph of Annex C, below are agreed:

New paragraph d.

- d. The maximum surplus that can be retained by a secondary school is 10% of the annual budget. For primary, special and Pupil referral Units (PRUs), it is the greater of 16% or £150,000.

Old paragraph d becomes paragraph e with the text amended with new in bold italic font and contained within square brackets and that to be deleted struck through.

- e. if the result of steps a-c is a sum greater than [***the maximum amount specified in d. above***] ~~5% of the current year's budget share for secondary schools 8% for primary and special schools and Pupil Referral Units (PRUs)~~, then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Existing paragraph f deleted as new paragraph d. above is a replacement. The current text is set out below.

- f. Any amount proposed by a school that relates to an assigned amount of the surplus, as calculated at step c above shall be limited to no more than 5% of the current year's budget share for secondary schools and 8% for primary and special schools and Pupil Referral Units (PRUs) i.e. is limited to the same amount that schools may retain without assignment.

Cross referencing to paragraph letters elsewhere in the scheme will be updated as necessary.

These changes are considered clarifications to previously agreed amendments and will therefore not be subject to consultation with individual schools.

## Capital Funding

- 5.21 Schools receive direct funding for capital projects through the DfE Devolved Formula Capital Grant (DFC). DFC is allocated as a specific grant through a national formula, paying a fixed lump sum of £4,000 for all schools and £11.25 per pupil for primary aged pupils, £16.88 for secondary aged pupils and £33.75 for those in special schools. The average allocation to a primary school is £7,460 and for a secondary school £22,840.
- 5.22 DFC is provided in response to the continuing need for additional resources and must be spent on improving the condition and suitability of school accommodation as well as ICT hardware. Individual projects need to be at least £2,000 to qualify as capital related expenditure and need to be approved by the Council before they can proceed. Schools can pool their funding amongst each other or add it as a contribution to projects undertaken by the Council. Funding must be spent on eligible expenditure within 3 years and one term of receipt or be returned to the DfE.
- 5.23 As voluntary aided (VA) schools own and are responsible for the maintenance of their buildings, different arrangements are in place, outside local authority accounts, and therefore, information on the 5 VA schools in Bracknell Forest are not available for inclusion in this report.

Annex F provides a summary of individual school balances of DFC as at 31 March 2015.

- 5.24 Some comments on the analysis are as follows:
1. Aggregate unspent balances have increased by £0.127m, from £0.248m to £0.375m. This reflects schools building up funds in order to undertake more substantial projects.
  2. The level of capital balances are not considered excessive as schools tend to save funds over a number of years before committing to significant projects.
  3. All schools retained a surplus balance.
  4. Seven schools were in danger of having to return unspent grant at 31 August 2015, which aggregates to £0.020m. Relevant schools have been informed of this risk and all have indicated that they intend to fully spend the amounts by the deadline.

## Conclusions

- 5.25 At 4.6%, the aggregate level of school revenue balances is considered to be sufficient to cover normal in-year variances against the budget. Within the overall total, as should be expected, a small number of schools are running deficits in order to implement financial change over the medium term, in a managed way.
- 5.26 The difficult financial environment that schools are working in requires annual efficiencies or service reductions to be made each year to balance budgets. This has resulted in 3 years of reductions in school balances which will be a concern if it continues over the medium term.

- 5.27 Those schools with significant surplus balances have provided more robust information on intended use for which they can be better held to account moving forward. In particular, Harmanswater Primary School has produced a detailed Asset Management Plan that has identified a clear strategy to invest the surplus in the school infra structure and there is a high level of confidence that this will be delivered. St Joseph's also have advanced plans in place to invest their surplus balance.
- 5.28 In respect of capital grants, the majority of schools continue to secure total funding for a project from DFC before it commences, hence balances are in excess of annual funding allocations. With DFC funding having been reduced by approximately 80% from April 2011, schools are now undertaking much lower value projects and will therefore need to carefully consider which their highest priority projects are.
- 5.29 Overall, schools continue to show resilience to the difficult economic climate which indicates good cost control and financial planning although the value and number of loan requests are increasing significantly, which indicates more challenging circumstances.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

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

### Borough Treasurer

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

### Equalities 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 statutory regulations.

### Method of Consultation

7.2 Not applicable.

### Representations Received

7.3 Not applicable.

### Background Papers

None.

### Contact for further information

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### Doc. Ref

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**2014-15 True School Revenue Balances (net of loan advances) – All Schools**

School	2014-15 Budget (excluding balance due on loan advances)	2014-15					Significant surplus
		Carry Forward	Percentage of total Budget	Change from 2013-14	Percentage of total Budget last year	Change in Percentage of total Budget	
Ascot Heath Infant	£755,554	-£42,456	-5.62%	-£15,583	-3.63%	-1.99%	£0
Ascot Heath CE Junior	£858,119	-£92,416	-10.77%	-£51,860	-4.87%	-5.90%	-£23,766
Binfield CE Primary	£1,346,245	£805	0.06%	£54,177	-3.89%	3.95%	£0
Birch Hill Primary	£1,441,572	-£7,483	-0.52%	£18,537	-1.85%	1.33%	£0
College Town Infant & Nursery	£893,749	-£72,302	-8.09%	-£5,630	-7.81%	-0.28%	-£802
College Town Junior	£999,196	-£15,958	-1.60%	-£35,770	2.04%	-3.64%	£0
Cranbourne Primary	£744,258	-£26,408	-3.55%	-£20,902	-0.75%	-2.80%	£0
Crown Wood Primary	£1,696,670	-£122,007	-7.19%	£120,522	-15.96%	8.77%	£0
Crowthorne CE Primary	£792,408	-£29,706	-3.75%	-£17,709	-1.55%	-2.20%	£0
Fox Hill Primary	£856,669	-£119,661	-13.97%	-£20,024	-11.74%	-2.22%	-£51,127
Great Hollands Primary School	£1,630,790	-£39,305	-2.41%	£44,979	-5.57%	3.16%	£0
Harmanswater Primary	£2,345,364	-£1,055,154	-44.99%	-£292,628	-32.40%	-12.59%	-£867,525
Holly Spring Infant	£1,125,709	-£129,342	-11.49%	-£54,155	-7.14%	-4.35%	-£39,285
Holly Spring Junior	£955,630	-£79,067	-8.27%	-£27,499	-5.72%	-2.55%	-£2,617
Jennetts Park Primary School	£1,175,989	-£80,379	-6.84%	-£45,291	-3.46%	-3.38%	£0
Meadow Vale Primary	£2,046,197	-£177,827	-8.69%	-£65,245	-5.74%	-2.96%	-£14,131
New Scotland Hill Primary	£826,402	-£27,343	-3.31%	£7,235	-4.26%	0.95%	£0
Owlsmoor Primary	£1,769,013	-£102,220	-5.78%	-£21,127	-4.73%	-1.05%	£0
The Pines School	£920,125	-£110,348	-11.99%	£2,105	-13.84%	1.84%	-£36,738
Sandy Lane Primary	£2,276,723	-£186,659	-8.20%	£193,007	-17.22%	9.02%	-£4,521
St Joseph's Catholic Primary	£800,365	-£163,984	-20.49%	-£82,235	-10.23%	-10.25%	-£99,955
St Margaret Clitherow Primary	£779,786	-£23,875	-3.06%	-£12,825	-1.47%	-1.59%	£0
Winkfield St Mary's CE Primary	£759,186	-£2,386	-0.31%	£7,211	-1.29%	0.98%	£0
St Michaels Easthampstead	£871,565	-£71,820	-8.24%	-£18,090	-6.27%	-1.98%	-£2,095
St Michaels CE Primary, Sandhurst	£730,779	-£9,545	-1.31%	£25,866	-4.88%	3.57%	£0
Uplands Primary	£812,424	-£53,947	-6.64%	-£28,317	-3.41%	-3.23%	£0
Warfield CE Primary	£800,469	-£82,099	-10.26%	£16,824	-12.70%	2.44%	-£18,061
Whitegrove Primary	£1,472,065	-£95,156	-6.46%	-£20,936	-5.09%	-1.38%	£0
Wildridings Primary	£1,460,087	-£149,758	-10.26%	£79,251	-16.67%	6.41%	-£32,951
Wildmoor Heath Primary	£748,490	£32,247	4.31%	£23,167	1.27%	3.04%	£0
Woodenhill Primary & Nursery	£1,321,667	-£88,153	-6.67%	£7,706	-7.43%	0.76%	£0
College Hall PRU	£761,014	-£74,139	-9.74%	-£6,553	-8.88%	-0.87%	-£13,258
The Brakenhale	£5,147,598	-£82,581	-1.60%	-£209	-1.61%	0.00%	£0
Easthampstead Park	£4,363,456	-£119,781	-2.75%	£224,305	-7.69%	4.95%	£0
Edgbarrow	£6,341,663	-£264,915	-4.18%	£27,672	-4.81%	0.63%	£0
The Garth Hill	£7,262,844	-£424,792	-5.85%	£88,450	-7.23%	1.39%	-£61,650
Sandhurst	£4,487,464	£92,914	2.07%	£184,352	-1.95%	4.03%	£0
Kennel Lane	£3,457,813	£10,171	0.29%	£68,628	-1.68%	1.97%	£0
<b>Total</b>	<b>£67,835,117</b>	<b>-£4,086,835</b>	<b>-6.02%</b>	<b>£351,406</b>	<b>-6.69%</b>	<b>0.66%</b>	<b>-£1,268,483</b>

Total with loan advances

-£4,156,055	-6.12%
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Primary average	£1,161,718	-£103,991	-8.95%
Secondary	£5,520,605	-£159,831	-2.46%
Primary minimum	£730,779	-£1,055,154	-44.99%
Primary maximum	£2,345,364	£32,247	4.31%
Secondary minimum	£4,363,456	-£424,792	-5.85%
Secondary maximum	£7,262,844	£92,914	2.07%

NB this summary analysis excludes  
College Hall PRU and Kennel Lane  
Special School.

**Summary profile of deficit and surplus school balances – All Schools**

Sector	2013-14				2014-15				Change in carry forward 2013-2014 to 2014-2015 (+ increase / - decrease in surplus)	
	Final Budget	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget	Final Budget	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget		
Primary and PRU	£35,403,246	£3,071,059	£3,056,059	8.67%	£36,774,279	£3,309,851	£3,297,851	8.97%	£241,792	7.87%
Secondary and Special	£30,943,691	£1,448,292	£1,382,182	4.68%	£31,060,838	£846,204	£788,984	2.54%	£593,198	-40.96%
Total including loan advances	£66,346,937	£4,519,351	£4,438,241	6.81%	£67,835,117	£4,156,055	£4,086,835	6.02%	£351,406	-7.78%
Net Outstanding loans	£81,110				£69,220					
Loans as a % of balances	1.83%				1.69%					

Analysis of true net balances								
Deficits		Surpluses					Significant Surpluses	
Number	Largest	Number	Largest	No. 0-5% of budget	No. 5-8% of budget	No. > 8% of budget	Number	Amount

**2013-14**

Primary and PRU	2	£19,812	30	-£762,526	13	8	9	9	-£1,157,920
Secondary and Special	0	£0	6	-£513,242	4	2	0	2	-£278,905
Total	2	£28,892	36	-£4,467,133	17	10	9	11	-£1,436,825

**2014-15**

Primary and PRU	2	£32,247	30	-£1,055,154	9	7	14	14	-£1,206,833
Secondary and Special	2	£92,914	4	-£424,792	3	1	0	1	-£61,650
Total	4	£136,137	34	-£4,222,972	12	8	14	15	-£1,268,483

**Change 2013-2014 to 2014-2015**

Primary and PRU	0	£12,435	0	-£292,628	-4	-1	5	5	-£48,913
Secondary and Special	2	£92,914	-2	£88,450	-1	-1	0	-1	£217,256
Total	2	£107,245	-2	£244,161	-5	-2	5	4	£168,342

## Approved scheme to control significant surplus school balances

Normal text indicates the wording for the BFC Scheme. Words in *italics* are offered as an explanation to the Scheme text and are not part of the Scheme.

### Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions:

- a. the Authority shall calculate by 30 June each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;

*Balances on Devolved Formula Capital and any other specific grant funded activities are excluded, unless allowed for in the relevant grant conditions.*

- b. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance from the previous financial year;

*In this context, a prior year commitment is defined as a project previously agreed with the Authority to be excluded from the claw-back calculation, for example, capital building and construction projects – see c.i to viii below for full criteria to be used to establish a valid commitment against a surplus balance.*

- c. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned. Schools will be required to provide relevant information to support funds assigned for a specific purpose, in a format prescribed by the authority.

The criteria to consider whether sums are properly assigned are as follows:

- i. Capital building and construction projects
- ii. Furniture, IT and other one-off expenditure of a capital nature
- iii. Infrastructure, maintenance and refurbishment
- iv. Staffing remodelling and restructuring
- v. Specific curriculum resources
- vi. Balances held in respect of pupil focused extended activities
- vii. Money held to fund budget deductions known to be occurring in the next financial year e.g. fall in pupil numbers.
- viii. Other high cost activities, of a long term nature, agreed in advance with the Director of Children, Young People and Learning and the Schools Forum.

*The conditions outlined here are intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely. A change in the plans of a school is not allowed to be the only criterion by which a sum can be considered to be properly assigned or not. After the accounts are closed each year, the Authority will contact schools with significant surplus balances to agree whether any of the balance has been properly assigned for a specific purpose and can therefore be deducted from the claw-back calculation.*

*The above specified criteria have previously been approved by the Schools Forum following consultation with schools where they were supported by the vast majority of respondents.*



- d. if the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools and Pupil Referral Units (PRUs), then the Authority shall deduct from the current year's budget share an amount equal to the excess.
- e. the calculation will be made against the final budget for the year in question i.e. after any contingency funding, significant in-year pupil growth allocation etc. The deduction will be made annually in arrears i.e. the final balance at 2011-12 calculated against the final budget for 2011-12 (known around June 2012) will be deducted at the start of the 2013-14 financial year.

*This paragraph has been added to make clear that the calculation will be made against final and not initial budgets. It is also proposed to delay any claw-back for one year to allow relevant schools time to plan for the change when setting subsequent budgets.*

- f. Any amount proposed by a school that relates to an assigned amount of the surplus, as calculated at step c above shall be limited to no more than 5% of the current year's budget share for secondary schools and 8% for primary and special schools and Pupil Referral Units (PRUs) i.e. is limited to the same amount that schools may retain without assignment.
- g. Should any school wish to retain a higher surplus than permitted in step f above, the Schools Forum will consider each referral on a case by case basis, taking account of the merits of each individual proposal based upon the submission made by the school.
- h. An appeal against a decision by the Forum in step g. can be made to the relevant Director. The Director's determination will be final.
- i. Where, at 31 March 2014, a school holds a surplus balance in excess of step f, this can be retained until 31 March 2017 without specific approval of the Forum.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority

**2014-15 True School Revenue Balances (net of loan advances)**  
**EXCLUDING Harmanswater Primary School**

School	2014-15 Budget (excluding balance due on loan advances)	2014-15					Significant surplus - initial calculation
		Carry Forward	Percentage of total Budget	Change from 2013-14	Percentage of total Budget last year	Change in Percentage of total Budget	
Ascot Heath Infant	£755,554	-£42,456	-5.62%	-£15,583	-3.63%	-1.99%	£0
Ascot Heath CE Junior	£858,119	-£92,416	-10.77%	-£51,860	-4.87%	-5.90%	-£23,766
Binfield CE Primary	£1,346,245	£805	0.06%	£54,177	-3.89%	3.95%	£0
Birch Hill Primary	£1,441,572	-£7,483	-0.52%	£18,537	-1.85%	1.33%	£0
College Town Infant & Nursery	£893,749	-£72,302	-8.09%	-£5,630	-7.81%	-0.28%	-£802
College Town Junior	£999,196	-£15,958	-1.60%	-£35,770	2.04%	-3.64%	£0
Cranbourne Primary	£744,258	-£26,408	-3.55%	-£20,902	-0.75%	-2.80%	£0
Crown Wood Primary	£1,696,670	-£122,007	-7.19%	£120,522	-15.96%	8.77%	£0
Crowthorne CE Primary	£792,408	-£29,706	-3.75%	-£17,709	-1.55%	-2.20%	£0
Fox Hill Primary	£856,669	-£119,661	-13.97%	-£20,024	-11.74%	-2.22%	-£51,127
Great Hollands Primary School	£1,630,790	-£39,305	-2.41%	£44,979	-5.57%	3.16%	£0
Holly Spring Infant	£1,125,709	-£129,342	-11.49%	-£54,155	-7.14%	-4.35%	-£39,285
Holly Spring Junior	£955,630	-£79,067	-8.27%	-£27,499	-5.72%	-2.55%	-£2,617
Jennetts Park Primary School	£1,175,989	-£80,379	-6.84%	-£45,291	-3.46%	-3.38%	£0
Meadow Vale Primary	£2,046,197	-£177,827	-8.69%	-£65,245	-5.74%	-2.96%	-£14,131
New Scotland Hill Primary	£826,402	-£27,343	-3.31%	£7,235	-4.26%	0.95%	£0
Owlsmoor Primary	£1,769,013	-£102,220	-5.78%	-£21,127	-4.73%	-1.05%	£0
The Pines School	£920,125	-£110,348	-11.99%	£2,105	-13.84%	1.84%	-£36,738
Sandy Lane Primary	£2,276,723	-£186,659	-8.20%	£193,007	-17.22%	9.02%	-£4,521
St Joseph's Catholic Primary	£800,365	-£163,984	-20.49%	-£82,235	-10.23%	-10.25%	-£99,955
St Margaret Clitherow Primary	£779,786	-£23,875	-3.06%	-£12,825	-1.47%	-1.59%	£0
Winkfield St Mary's CE Primary	£759,186	-£2,386	-0.31%	£7,211	-1.29%	0.98%	£0
St Michaels Easthampstead	£871,565	-£71,820	-8.24%	-£18,090	-6.27%	-1.98%	-£2,095
St Michaels CE Primary, Sandhurst	£730,779	-£9,545	-1.31%	£25,866	-4.88%	3.57%	£0
Uplands Primary	£812,424	-£53,947	-6.64%	-£28,317	-3.41%	-3.23%	£0
Warfield CE Primary	£800,469	-£82,099	-10.26%	£16,824	-12.70%	2.44%	-£18,061
Whitegrove Primary	£1,472,065	-£95,156	-6.46%	-£20,936	-5.09%	-1.38%	£0
Wildridings Primary	£1,460,087	-£149,758	-10.26%	£79,251	-16.67%	6.41%	-£32,951
Wildmoor Heath Primary	£748,490	£32,247	4.31%	£23,167	1.27%	3.04%	£0
Woodenhill Primary & Nursery	£1,321,667	-£88,153	-6.67%	£7,706	-7.43%	0.76%	£0
College Hall PRU	£761,014	-£74,139	-9.74%	-£6,553	-8.88%	-0.87%	-£13,258
The Brakenhale	£5,147,598	-£82,581	-1.60%	-£209	-1.61%	0.00%	£0
Easthampstead Park	£4,363,456	-£119,781	-2.75%	£224,305	-7.69%	4.95%	£0
Edgbarrow	£6,341,663	-£264,915	-4.18%	£27,672	-4.81%	0.63%	£0
The Garth Hill	£7,262,844	-£424,792	-5.85%	£88,450	-7.23%	1.39%	-£61,650
Sandhurst	£4,487,464	£92,914	2.07%	£184,352	-1.95%	4.03%	£0
Kennel Lane	£3,457,813	£10,171	0.29%	£68,628	-1.68%	1.97%	£0
<b>Total</b>	<b>£65,489,753</b>	<b>-£3,031,681</b>	<b>-4.63%</b>	<b>£644,034</b>	<b>-5.74%</b>	<b>1.11%</b>	<b>-£400,958</b>

Total with loan advances

-£3,100,901	-4.73%
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Primary average	£1,122,263	-£72,285	-6.44%
Secondary	£5,520,605	-£159,831	-2.46%
Primary minimum	£730,779	-£186,659	-20.49%
Primary maximum	£2,276,723	£32,247	4.31%
Secondary minimum	£4,363,456	-£424,792	-5.85%
Secondary maximum	£7,262,844	£92,914	2.07%

NB this summary analysis excludes  
College Hall PRU and Kennel Lane  
Special School.

**Summary profile of deficit and surplus school balances EXCLUDING Harmanswater Primary School**

Sector	2013-14				2014-15				Change in carry forward 2013-2014 to 2014-2015 (+ increase / - decrease in surplus)	
	Final Budget	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget	Final Budget	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget		
Primary and PRU	£33,049,705	£2,308,533	£2,293,533	6.99%	£34,428,915	£2,254,697	£2,242,697	6.51%	-£50,836	-2.20%
Secondary and Special	£30,943,691	£1,448,292	£1,382,182	4.68%	£31,060,838	£846,204	£788,984	2.54%	-£593,198	-40.96%
Total including loan advances	£63,993,396	£3,756,825	£3,675,715	5.87%	£65,489,753	£3,100,901	£3,031,681	4.63%	-£644,034	-17.14%
Net Outstanding loans	£81,110				£69,220					
Loans as a % of balances	2.21%				2.28%					

Analysis of true net balances								
Deficits		Surpluses					Significant Surpluses	
Number	Largest	Number	Largest	No. 0-5% of budget	No. 5-8% of budget	No. > 8% of budget	Number	Amount

**2013-14**

Primary and PRU	2	£19,812	29	-£379,666	13	8	8	8	-£583,677
Secondary and Special	0	£0	6	-£513,242	4	2	0	2	-£278,905
Total	2	£28,892	35	-£3,704,607	17	10	8	10	-£862,583

**2014-15**

Primary and PRU	2	£32,247	29	-£186,659	9	7	13	13	-£339,308
Secondary and Special	2	£92,914	4	-£424,792	3	1	0	1	-£61,650
Total	4	£136,137	33	-£3,167,818	12	8	13	14	-£400,958

**Change 2013-2014 to 2014-2015**

Primary and PRU	0	£12,435	0	£193,007	-4	-1	5	5	£244,369
Secondary and Special	2	£92,914	-2	£88,450	-1	-1	0	-1	£217,256
Total	2	£107,245	-2	£536,789	-5	-2	5	4	£461,624

## 2014-15 School Capital Balances

School	2014/15 new year funding	Carry forward			Amount that must be spent by 31 Aug 2015
		Total Amount (-surplus / + deficit)	Percentage of new year funding	Change from 2013/14 (-increase / +decrease)	
Ascot Heath County Infant	£6,318	-£5,124	-81.10%	-£14,671	£8,353
Ascot Heath CE Junior	£6,678	-£13,669	-204.68%	-£2,341	£302
Birch Hill Primary	£6,588	-£9,824	-149.12%	£10,932	
Wildmoor Heath Primary	£5,946	-£643	-10.81%	-£3,806	
College Town Infant and Nurser	£6,588	-£2	-0.03%	£3,243	
College Town Junior	£7,083	-£3,900	-55.07%	£2,542	
Cranbourne Primary	£6,228	-£5,003	-80.34%	£732	
Crown Wood Primary	£8,579	-£5,921	-69.02%	£11,022	
Crowthorne CE Primary	£6,340	-£402	-6.33%	-£136	
Fox Hill Primary	£6,228	-£8,845	-142.02%	-£1,788	
Great Hollands Primary	£7,819	-£229	-2.93%	-£4,819	
Harmanswater Primary	£11,498	-£25,225	-219.38%	-£11,498	£2,341
Holly Spring Infant and Nursery	£7,128	-£7,014	-98.40%	£5,590	
Holly Spring Junior	£6,554	-£15,984	-243.88%	-£6,554	£2,944
Meadow Vale Primary	£9,777	-£20,333	-207.97%	-£11,562	£1,785
New Scotland Hill Primary	£6,436	-£15,805	-245.58%	-£5,706	£2,889
Owlsmoor Primary	£9,799	-£15,942	-162.69%	£1,870	
Pines	£6,104	-£14,014	-229.59%	£3,243	£1,711
Sandy Lane Primary	£11,003	-£19,087	-173.47%	-£11,003	
St Marys CE Primary (Winkfield)	£6,329	-£7,565	-119.54%	-£5,486	
Uplands Primary	£6,351	-£2,778	-43.74%	-£6,351	
Warfield CE Primary	£6,340	-£11,547	-182.13%	£4,846	
Whitegrove Primary	£8,973	-£15,224	-169.67%	-£8,973	
Wildridings Primary	£8,084	-£10,387	-128.49%	-£8,084	
Woodenhill Primary and Nursery	£7,836	-£12,440	-158.76%	£2,838	
Brakenhale	£20,943	-£29,694	-141.78%	-£20,943	
Easthampstead Park	£18,073	-£99	-0.55%	£1,980	
Edgbarrow	£26,106	-£18,025	-69.05%	-£6,711	
Garth Hill	£28,283	-£50,506	-178.57%	-£28,283	
Sandhurst	£20,808	-£2,321	-11.16%	-£2,807	
Kennel Lane	£10,209	-£17,620	-172.59%	-£10,209	
College Hall PRU	£5,214	-£9,868	-189.25%	-£4,686	
<b>Total</b>	<b>£316,243</b>	<b>-£375,041</b>	<b>-118.59%</b>	<b>-£127,580</b>	<b>£20,325</b>

Primary average	£7,460	-£9,876	-£2,237
Secondary average	£22,840	-£20,129	-£11,353
Primary maximum	£11,500	-£25,225	
Primary minimum	£5,950	-£2	
Secondary maximum	£28,280	-£50,506	
Secondary minimum	£18,070	-£99	

**TO: SCHOOLS FORUM**  
**DATE: 16 JULY 2015**

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**2014-15 PROVISIONAL OUTTURN ON THE SCHOOLS BUDGET**  
**(Director of Children, Young People and Learning)**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to inform members of the Schools Forum of the provisional outturn on the 2014-15 Schools Budget, including the allocation of balances and the use of Earmarked Reserves.

**2 RECOMMENDATIONS**

**That the Schools Forum NOTES:**

- 2.1 that the outturn expenditure for 2014-15, subject to audit, shows net expenditure of £1.088m which represents a £1m over spending before allocation of reserves and balances (paragraph 5.7);
- 2.2 that after transfers to and from earmarked reserves, the Schools Budget over spent by £0.483m (paragraph 5.8);
- 2.3 the main reasons for budget variances (paragraph 5.9);
- 2.4 that due to delays in finalising capital projects for creating additional places for 2 year olds, £0.265m of Early Years DSG revenue funding transferred to capital has been returned to the Schools Budget General Reserve pending a decision on any future bid for funds (paragraph 5.9 viii);
- 2.5 that the current aggregate surplus on balances and Earmarked Reserves within the Schools Budget amount to £5.152m (paragraph 5.10);
- 2.6 the previously agreed transfers to and from Earmarked Reserves (paragraph 5.11);
- 2.7 that at £0.208m, the current balance on the Schools Budget General Reserve is below the £0.51m minimum prudential balance which will need to be addressed as part of the 2016-17 budget setting process (paragraph 5.16);

**That the Schools Forum AGREES:**

- 2.8 the transfers processed as part of the accounts closedown process to and from balances and Earmarked Reserves (paragraph 5.12);

### **3 REASONS FOR RECOMMENDATIONS**

- 3.1 The recommendations are intended to inform the Schools Forum of financial performance against budget in the 2014-15 financial year and to agree the year end transfers to and from balances and Earmarked Reserves.

### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not appropriate.

### **5 SUPPORTING INFORMATION**

#### 2014-15 Schools Budget Revenue Expenditure

- 5.1 Based on recommendations of the Schools Forum, the Executive Member for Children, Young People and Learning approved the Schools Budget for 2014-15 with £87.144m of grant funding. This was to be funded from the estimated amount of Dedicated Schools Grant (DSG) income that would be received from the DfE at £79.736m, anticipated income of £4.521m to reflect sixth form and post 16 SEN grant income from the Education Funding Agency (EFA) and £2.887m from the Pupil Premium. In addition to grant funding, there is also a budget of £0.030m for other general income making total estimated funding of £87.174m. Spend proposals to this level were also agreed, resulting in a net nil budget.
- 5.2 Subsequent to this decision, anticipated income was updated by adding £0.061m to reflect revised sixth form grant income from the EFA, including income in respect of Kennel Lane Special School, with £3.614m deducted from the DSG. Of this deduction, £3.501m was in respect of the Ranelagh Academy school, as the EFA recoups this amount based on the funding allocated through the BF Funding Formula for Schools to pay Ranelagh direct, with a further £0.113m deduction to reflect outstanding adjustments for High Needs (down £0.282m) and Early Years Blocks (up £0.169m). Therefore, the final budgeted amount of funding was set at £83.621m.
- 5.3 There have also been a number of in-year changes to the overall expenditure budget. As part of the budget setting process, the Forum agreed that:
- £0.168m should be released from the Job Evaluation reserve to fund the cost of implementing the BF Supplement, which is equivalent to the cost of the Living Wage;
  - £0.259m unspent 2013-14 budget supporting Early Years providers to be made available in 2014-15 to enable on-going development of sufficient places and general support to providers;
  - £0.265m of Early Years DSG should be transferred to capital to support the delivery of additional places for 2 year olds in the private, voluntary and independent sector.
- 5.4 Furthermore, in accordance with Local Government Accounting code of practice, where schools use their revenue funding for capital related expenditure, both the funding and spend need to be transferred to the capital

accounts. The Council was notified of a total of £0.089m of funding that needed to be converted to capital through a transfer from revenue.

- 5.5 The net effect of the budget changes set out in paragraphs 5.3 and 5.4 is that the net Schools Budget totalled £0.088m.
- 5.6 In accordance with DfE Funding Regulations, a number of self-balancing budget adjustments have also been made during the year to reflect the transfer of funds from centrally managed budgets to schools where they have met qualifying criteria. The most significant adjustments reflect changes in SEN funding for named pupils, allocations from the school specific contingency, mainly in respect of increases in pupil numbers and managing the financial impact of Key Stage 1 class size Regulations, and support to schools in financial difficulty.

#### Provisional Outturn Position

- 5.7 The provisional final accounts for the Schools Budget, as summarised at Annex A, shows net budget of £0.088m, expenditure of £1.088m and a cumulative over spend of £1.0m. This comprises over spendings of £2.502m against approved budget allocations and under spendings of £1.502m. These figures remain subject to change, pending external audit, although no significant movement is anticipated.
- 5.8 Some expenditure in the Schools Budget is financed from accumulated balances and earmarked reserves. Annex A sets out the transfers required as part of the accounts closedown process which are explained in more detail in paragraphs 5.10 to 5.14. Taking account of these financing adjustments, there was a net in-year over spending of £0.483m.
- 5.9 An explanation of the main changes from the approved budget plan, after transfers to or from reserves and balances are as follows:

#### Delegated and devolved funding:

##### Schools Block:

- i. **Delegated School Budgets – £0.026m under spend.** The under spending relates to the SEN specific contingency where the approved qualifying criteria resulted in £0.074m being allocated to schools from the £0.1m budget.  
Statutory Regulations require balances on school budgets to be earmarked to individual schools. There was an aggregate £0.358m withdrawal from balances during the year. Note College Hall Pupil Referral Unit reserve increased by £0.007m, re note vii, making a combined withdrawal of £0.351m from school reserves.  
A report on school balances is included as a separate Agenda item for this meeting.

#### Centrally Managed Budgets:

##### Schools Block:

- ii. **Pupil behaviour - £0.019m under spend.** The saving arose against staffing where a small number of vacancies occurred.
- iii. **School staff absence and other items - £0.255m under spend.** The most significant elements of the forecast under spending relate to: an

£0.083m saving on the Early Years contingency as a result of lower growth in take up of the free entitlement than expected; £0.13m of additional sixth form grant from the EFA for post-16 high needs pupils that was originally funded from DSG; £0.19m saving from fewer than anticipated growth allocations being paid to schools experiencing significant in-year increases in pupil numbers and KS1 top up funding. In respect of over spendings, the main items are; £0.054m on school rates, which includes making a provision for cost increases of £0.084m into the School Expansion Rates Reserve to fund outstanding back-dated costs; £0.084m in respect on an interim payment relating to an Employment Tribunal; and £0.015m on centralised copyright fees where the DfE has negotiated a discounted rate for all schools in England, the scope of which has been extended with a consequential cost increase.

- iv. **Combined Service Budgets - £0.007m under spend.** These budgets support the every child matters agenda and when combined with budgets for similar services that are funded by the Council can result in a greater overall impact and educational benefit. As a consequence of increased numbers, costs of transporting looked after children to BF schools over spent by £0.016m. This was partially offset by a £0.014m under spending at the Margaret Wells Furby Children's Resource Centre as a result of requiring a lower level of service delivery than allowed for in the budget.
- v. **Support to schools in financial difficulty – £0.115m under spend.** The Forum received a report in March setting out use of this budget that confirmed the £0.115m under spending.

High Needs Block:

- vi. **SEN provisions and support services - £1.225m over spend.** A report on the budget problems being experienced on High Needs pupils was presented to the Forum in January. At this time, a year end over spending of £1.557m was being forecast. This report set out the main reason for over spending related to an increase in the number of post-16 High Needs pupils and that forecast costs were still subject to confirmation. Actual costs for places were £0.342m lower than the forecast: post-16 places in specialist providers reduced by £0.149m following receipt of updated cost data from providers; costs at specialist providers for pre-16 reduced by £0.102m as a result of some anticipated placements not being completed to the original timescale; and cost of places in maintained schools reduced by £0.091m, with £0.03m relating to claims from schools that could not be resolved before accounts closedown but have now been paid in 2015-16. Some of the savings that have emerged at year end are likely continue into 2015-16 which will clearly assist new year budgetary performance.
- vii. **Education out of school - £0.013m over spend.** The most significant variances relate to: a £0.019m under spending on home tuition due to a lower number of pupils being supported than provided for in the budget; a £0.02m under spending on the outreach service as a result of staff vacancies; an under achievement in income of £0.017m as schools reduced the number of permanent exclusions; and £0.034m of costs from support from the LA for targeted services as previously agreed by the Forum but for which the budget had not been reset due to the funding shortfall arising from the reduced allocation of High Needs Block DSG.  
Note College Hall Pupil Referral Unit under spent by £0.007m in-year.



Early Years Block:

- viii. **Early Years provisions and support services - £0.321m under spend.** The most significant variance results from not spending any of the £0.265m revenue funding set aside for capital expenditure to increase the number of places available for 2 year olds. This transfer was agreed at the start of the financial year but has been returned to the Schools Budget General Reserve. A bid for funding will be made during 2015-16 once plans have been firmed up, and this will need to take account of the lower level of available funds. The other significant variance relates to a £0.073m under spending on payments to early years providers where take up of the free entitlement was lower than expected.

Dedicated Schools Grant:

- ix. **Dedicated Schools Grant - £0.012m under spend.** The under spending relates to re-calculated DSG in respect of the Early Years Block. The January 2014 census re-calculation resulted in additional income of £0.057m, with the January 2015 re-calculation estimated to result in a claw-back of £0.045m. Early Years Block DSG is always allocated on estimates and subject to change following receipts of the actual January census data.

Year end balance:

- x. **Transfer from Earmarked Reserve - £0.483m over spend.** The balance of net aggregate spending on budgets centrally managed in the Schools Budget. This has been funded from a transfer from the Schools Budget General Reserve.

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

Balances and reserves

- 5.10 As part of the financial planning process, there is the opportunity to establish and maintain reserves and balances. Earmarked Reserves are sums of money which have been set aside for specific purposes and a number of Schools Budget reserves have been created, following agreement of the Schools Forum. Each year these reserves can have funds added or deducted depending on financial performance and the purposes for which they were created. Balances reflect year end unspent funds and can be held separately as an unring-fenced amount or be transferred to Earmarked Reserves for a specific purpose.

Table 1 below provides a summary of movements last year together with current balances on the earmarked reserves of which column 5 shows total available funds at 31 March 2015 of £5.152m.

Table 1: Earmarked reserves related to the Schools Budget

Reserve	Balance B/Forward 1-Apr-14 (1) £ 000	Movement in year (2) £ 000	Initial Balance 31-Mar-15 (3) £ 000	Year end Transfers (4) £ 000	Final Balance 31-Mar-15 (5) £ 000
<b>School Balances:</b>					
Primary	-3,003	0	-3,003	-232	-3,235
Secondary	-1,390	0	-1,390	533	-857
Special	-58	0	-58	69	11
Outstanding School loans	81	0	81	-12	69
College Hall PRU	-68	0	-68	-7	-75
<b>(note c)</b>	-4,438	0	-4,438	351	-4,087
<b>Earmarked Reserves</b>					
SEN Resource Units Reserve	-490	0	-490	0	-490
Schools Job Evaluation Reserve <b>(note a)</b>	-285	168	-117	0	-117
School Meals Re-tender Reserve	-40	0	-40	0	-40
School Expansion Rates Reserve <b>(note d)</b>	-112	0	-112	-84	-196
Grants unapplied <b>(note e)</b>	0	0	0	-14	-14
	-927	168	-759	-98	-857
<b>Schools Budget General Reserve</b>					
Unallocated brought forward balance	-691	0	-691	0	-691
Earmarked for 2014-15 Early Years spend <b>(note b)</b>	-259	259	0	0	0
2014-15 in-year over spend <b>(note f)</b>	0	0	0	483	483
	-950	259	-691	483	-208
<b>Total earmarked reserves</b>	-6,315	427	-5,888	736	-5,152

5.11 Column 2 from Table 1, movement in year, reconciles to the transfers previously agreed by the Forum on:

Note a: 16 January 2014: that £0.144m is drawn down from the Job Evaluation Reserve to fund estimated 2014-15 costs to mainstream schools and £0.023m for Kennel Lane Special School arising from implementation of the Bracknell Forest Supplement – the equivalent of the Living Wage - for non-teaching staff in schools.

Note b: 13 March 2014: that subject to there being a sufficient under spending on the overall Schools Budget, that any net under spending in 2013-14 on the following budgets are carried forward into 2014-15 as follows:

- i. Trajectory funding: to support the development of provisions for 2 year olds, currently estimated at £0.118m
- ii. Payments to providers for the free entitlement to education and childcare for 2, 3 and 4 year olds: to support the

development of a sufficient number of places for eligible 2 year olds, currently estimated at £0.141m.

- 5.12 A number of year-end transfers, as set out in column 4 of Table 1 have been processed in accordance with accounts closedown:

Note c: School balances: Statutory Regulations require balances on school budgets to be earmarked to individual schools for use in a future financial year. There was an aggregate £0.351m withdrawal from balances during the year.

Note d: School expansion rates reserve: a further £0.084m has been put aside in this reserve to cover the full cost currently estimated as outstanding on back-dated rates re-valuations on new and expended schools.

Note e: Grants Unapplied Reserve: In March the DfE paid LAs a new grant to help manage the data collection required for the new Early Years Pupil Premium. This was received too late in the financial year to be spent effectively and will therefore be carried forward in 2015-16 through the Grants Unapplied Reserve.

Note f: School Budget General Reserve: the in-year over spending of £0.483m.

- 5.13 Column 5 of Table 1 shows that the accumulated unused balance on the Schools Budget General Reserve totals £0.208m. This compares to the £0.275m over spend forecast at January, with the main changes relating to a £0.332m reduction in costs expected for High Needs Pupils, and the return of £0.265m of Early Years funding originally approved for capital expenditure that did not take place, but for which a bid is likely to come forward later this year.

- 5.14 This funding can only be used to support expenditure in the Schools Budget. Therefore, £0.208m of uncommitted funds are available for future use in the Schools Budget.

Annex B provides a summary of the purpose and policy of each reserve together with recent levels of funds.

#### Prudential minimum level of balances

- 5.15 In managing the Schools Budget General Reserve, the Borough Treasurer has determined that a minimum level of funds should be maintained to manage unforeseen circumstances and to also plan for any future changes that may have a financial impact. This helps to manage risks in a planned, rather than reactive manner and greatly assisted the funding of the significant unexpected cost pressures experienced in 2014-15.
- 5.16 Taking account of the assessed risk in terms of budget volatility and value of those items managed by the Council on behalf of schools, a sum of £0.510m was considered the minimum level of balance that needs to be held for in-year pressures. Clearly, with a current balance of £0.208m, this is below the minimum level. The budget strategy for 2016-17 will need to consider how a prudential level of balances can be created in what have already been identified as challenging circumstances.

Conclusion

- 5.17 Balances and Earmarked Reserves held in the Schools Budget are considered sufficient to meet future known cost pressures although the level of funds in the Schools Budget General Reserve available to manage unforeseen cost pressures that may arise in-year is lower than the minimum assessed level.
- 5.18 In aggregate, schools are considered to be holding sufficient balances although there has been a reduction in each of the last three years, most notably in the secondary sector where further pressure is being experienced in 2015-16, as evidenced by the number and value of loan requests, as set out in more detail on a separate agenda item.

**6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

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

Borough Treasurer

- 6.2 The financial implications arising from this report are set out in the supporting information. The budget variances were reviewed during the year and where appropriate, have been built into the 2015-16 budget. The balance held in the Schools Budget General Reserve needs to be increased by £0.302m to reach the prudential minimum amount of £0.51m.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 6.4 There is a risk to the Schools Budget from not having sufficient reserves to manage unforeseen in-year cost pressures. The level of balances is insufficient to cover the scale of pressure experienced in-year in 2014-15. However, that pressure has been fully funded in the 2015-16 base budget. Should there be an in-year over spending on the Schools Budget, it is likely that it would need to be financed from cost reductions in 2016-17, including the possibility of reductions in funding allocations to schools.

**7 CONSULTATION**

- 7.1 Not applicable.

Background Papers

None

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## 2014-15 PROVISIONAL OUTTURN STATEMENT FOR THE SCHOOLS BUDGET

	Approved Budget			Outturn Net Spend	Estimated Variance			Transfer to(+) / from(-) reserves	Final variance	Note
	Expenditure	Income	Net		Under spending	Over spending	Net variance			
	£000	£000	£000		£000	£000	£000	£000	£000	
<b><u>Delegated and devolved funding</u></b>										
Delegated School Budgets	67,044	0	67,044	67,375	-26	358	332	-358	-26	i
Other School Grants	2,887	-7,469	-4,582	-4,582	0	0	0	0	0	
	<b>69,931</b>	<b>-7,469</b>	<b>62,462</b>	<b>62,793</b>	<b>-26</b>	<b>358</b>	<b>332</b>	<b>-358</b>	<b>-26</b>	
<b><u>LEA managed items</u></b>										
<b>Schools Block</b>										
Pupil behaviour	323	-7	316	297	-29	10	-19	0	-19	ii
School staff absence and other items	1,163	-20	1,143	803	-522	182	-340	84	-255	iii
Combined Service Budgets	690	0	690	683	-35	28	-7	0	-7	iv
Support to schools in financial difficulty	115	0	115	0	-115	0	-115	0	-115	v
<b>High Needs Block</b>										
SEN provisions and support services	6,532	0	6,532	7,758	-550	1,775	1,225	0	1,225	vi
Education out of school	1,116	-3	1,113	1,119	-46	52	6	7	13	vii
<b>Early Years Block</b>										
Early Years provisions and support services	4,104	0	4,104	3,769	-387	52	-335	14	-321	viii
	<b>14,043</b>	<b>-30</b>	<b>14,013</b>	<b>14,429</b>	<b>-1,684</b>	<b>2,099</b>	<b>415</b>	<b>105</b>	<b>521</b>	
Transfer Early Years funds to capital	-265	0	-265	0	265	0	265	-265	0	
Dedicated Schools Grant	0	-76,122	-76,122	-76,134	-57	45	-12	0	-12	ix
Over spend to be financed from draw down from Earmarked Reserve								-483	-483	x
<b>TOTAL - Schools Budget</b>	<b>83,709</b>	<b>-83,621</b>	<b>88</b>	<b>1,088</b>	<b>-1,502</b>	<b>2,502</b>	<b>1,000</b>	<b>-1,000</b>	<b>0</b>	
<b>Net variance</b>			<b>1,000</b>							

See paragraph 5.9 for an explanation to the notes to variances.

**Earmarked reserves relating to the Schools Budget**

<b>Reserve</b>	<b>Purpose</b>	<b>Policy</b>	<b>Value</b>
School Balances	These funds are used to support future expenditure within the Schools Budget relating to individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LA has no practical control over the level of balances.	March 11 £2.909m March 12 £4.627m March 13 £4.573m March 14 £4.438m March 15 £4.087m
SEN Resource Units	To set aside in a reserve for building adaptations to allow for the creation of SEN resource units on school sites.	To finance capital expenditure to assist with the development of local, cost effective provisions to support pupils with SEN.	March 12 £0.491m March 13 £0.490m March 14 £0.490m March 15 £0.490m
Job Evaluation	To set aside an earmarked reserve for the Job Evaluation exercise	To help finance costs arising from the implementation of the Job Evaluation Review.	March 12 £0.285m March 13 £0.285m March 14 £0.285m March 15 £0.117m
School Meals Catering Re-tendering Reserve	To set aside an earmarked reserve for the School Meals Catering Re-tendering exercise	To help finance costs arising from the implementation of the Job Evaluation Review.	March 14 £0.040m March 15 £0.040m
Schools Expansion Rates Reserve	To set aside an earmarked reserve for the rates costs associated with school expansions.	To help finance costs arising from the school expansion programme.	March 14 £0.112m March 15 £0.196m
Grants unapplied Reserve	To set aside in a reserve unspent Schools Budget related grants where there are no restrictions applied to the spending from the grant awarding body.	To facilitate the transfer of unspent grant balances between financial years.	March 15 £0.014m

Unrestricted

Reserve	Purpose	Policy	Value
Schools Budget General Reserve	The Schools Budget is a ring fenced account, fully funded by external grants, the most significant of which is the Dedicated Schools Grant. Any under or overspending remaining at the end of the financial year must be carried forward to the next year's Schools Budget.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose than a future years' Schools Budget.	March 11 £0.595m March 12 £0.398m March 13 £0.517m March 14 £0.691m March 15 £0.208m



**TO: SCHOOLS FORUM**  
**DATE: 16 JULY 2015**

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**2015-16 PROPOSALS FOR ADDITIONAL FINANCIAL SUPPORT TO SCHOOLS  
AND OTHER ASSOCIATED MATTERS**  
**Director of Children, Young People and Learning**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to update members of the Schools Forum on proposals for financial support to schools, including loans and one-off funding allocations from the budget to support Schools in Financial Difficulties.

**2 RECOMMENDATIONS**

**That the Schools Forum NOTES:**

- 2.1 that in respect of previously agreed loans:
- i. Wildmoor Heath Primary school is complying with the repayment terms (paragraph 5.15);
  - ii. Sandhurst Secondary School is requesting a further advance to cover a medium term funding shortfall (paragraph 5.16);
- 2.2 the estimated amount of Dedicated Schools Grant for 2015-16 at £78.052m subject to increase once funding for 2 year olds is confirmed at the end of July (paragraph 5.25 and Table 3);
- 2.3 the £0.093m of post 16 SEN funding expected to be received above budget that will be available to support any in-year pressures on budgets supporting High Needs Pupils (paragraph 5.27);
- 2.4 an update report on progress against containing expenditure to budget and making savings in future years on High Needs Budget areas will be presented in the autumn term once greater certainty exists on costs and likely new academic year costs (paragraph 5.28).

**That the Schools Forum AGREES:**

- 2.5 that Winkfield St Mary's Primary school receives a one-off funding allocation of £0.030m from the budget to support Schools in Financial Difficulty (paragraph 5.8);
- 2.6 that Easthampstead Park school receives a one-off funding allocation of £0.055m from the budget to support schools in Financial Difficulty (paragraph 5.9);

- 2.7 new loan requests, subject to receipt of request from the chair of governors confirming compliance with loan conditions for:**
- i. Brakenhale, Easthampstead Park and Sandhurst Secondary schools to cover medium term budget shortfalls (paragraph 5.18); and**
  - ii. Garth Hill Secondary School for an invest to save scheme relating to a Photovoltaic (PV) Solar Panel installation (paragraph 5.19);**
- 2.8 the revised funding plan for Rise@GHC, the Special Educational Needs Unit for young people on the Autistic Spectrum Disorder (paragraph 5.23, Table 1 and Annex B);**
- 2.9 The budget adjustments required as a result of the revised level of DSG, post-16 sixth form and SEN grants and the updated funding plan for Rise@GHC (paragraphs 5.22 to 5.27).**

### **3 REASONS FOR RECOMMENDATIONS**

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

### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1** None. The recommendations are in accordance with agreed policies to provide additional financial support to schools.

### **5 SUPPORTING INFORMATION**

#### Background

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

#### Additional funding that is not required to be repaid

#### Background and summary

- 5.2** School Funding Regulations allow for additional funds outside the normal operation of the Funding Formula to be provided to schools considered to be in financial difficulty. In agreement with the Schools Forum, this de-delegated budget has been returned to the Council for central management. The agreed criteria to be used to

allocate this funding is if, in the opinion of the Director of Children, Young People and Learning and the Borough Treasurer, a school:

1. was unable to set a balanced budget and were in need of a loan arrangement at the start of the relevant financial year, and/or
  2. was likely to fall into one of the categories of causing concern, including requires improvement and special measures without additional financial support.
- 5.3 Where schools enter an Ofsted category of concern (serious weakness (inadequate judgement) or placed in Special Measures and exceptionally for Requires Improvement) the LA establishes a Management Intervention Board (MIB). The Board has an independent chair and senior officers of the LA as members. The headteacher and Chair of Governors of the school also attend the MIB to report on progress. A support plan outlines the actions to be taken by the school and the LA in order to effect rapid improvement. Where the school is unable to fund these actions from its own delegated budget the MIB can request that additional resources be sought.
- 5.4 For schools judged as Requires Improvement or identified by the LA as causing concern and where additional support is deemed to be necessary, a Standards Monitoring Board can be established of which the headteacher and Chair of Governors attend. The boards meet regularly to discuss progress and determine with the school where additional resources might be required.
- 5.5 In order to allow funds to be allocated within an appropriate time scale, the Forum has agreed to delegate a set of powers to the Director of Children, Young People and Learning to allocate funds up to but not exceeding £150,000 in any financial year, dependent on the Ofsted category of the school, or where there is considered a risk of being placed in a category.
- 5.6 The level of allocation of funds would be:
- a. schools judged to be requiring improvement (up to £20k per year)
  - b. schools at risk of being judged to be inadequate and in need of Special Measures (up to £30k per year)
  - c. schools deemed to be inadequate and in need of Special Measures (up to £50k per year)

At this stage, no allocations for additional financial support have been approved by the Director under the delegated powers. A report will be presented to the Forum at the end of the financial year confirming any allocations made under the delegated powers.

Allocation proposed for 2015-16

- 5.7 In setting 2015-16 school budgets, the Forum is requested to agree two funding allocations that exceed the amount specified in the powers delegated to the Director.

*Winkfield St Mary's Primary - £0.030m*

- 5.8 Following an Ofsted inspection published in December 2014, Winkfield St Mary's Primary school was judged as "requires improvement". A MIB was established and the school has worked with the LA to improve outcomes for pupils. Whilst the Ofsted identified a number of strengths in the school, action was required to better support

disadvantaged pupils, improve aspects of teaching and strengthen the effectiveness of the Leadership Team. In order to adequately address these issues, additional one-off expenditure of £0.030m above what can be afforded from within the school budget is considered necessary. A medium term budget plan has been reviewed by the LA which confirms the immediate budget difficulty. The Forum is therefore recommended to agree this sum be allocated to Winkfield St Mary's from the budget to support schools in financial difficulty.

The most recent Ofsted monitoring inspection report in March 2015 reported that governors are taking effective action to tackle the areas requiring improvement.

*Easthampstead Park Secondary School - £0.055m*

- 5.9 The school was awarded an Ofsted judgment of Requires Improvement in June 2014. A MIB was established and the school has worked with the LA to further improve outcomes for pupils. Whilst the Ofsted identified a number of strengths in the school, action was required to ensure the quality of teaching is consistently good across all departments and behaviour is always managed well by staff; to take action to secure the improving trend of attainment at KS4 and KS5; to ensure a consistent system of marking and feedback and work to improve a small number of students attitudes to their studies. In order to adequately address these issues, additional one-off expenditure of £0.055m above what can be afforded from within the school budget is considered necessary. This is intended to finance a Family Support Advisor and additional costs arising from the use of contracted agency staff necessitated to recruit to hard to fill posts. A medium term budget plan has been reviewed by the LA which confirms the immediate budget difficulty. The Forum is therefore recommended to agree this sum be allocated to Easthampstead Park from the budget to support schools in financial difficulty.

The most recent Ofsted monitoring inspection report in June 2015 reported that senior leaders and governors are taking effective action to tackle the areas requiring improvement and planning for the next financial year adequately reflects these priorities.

Loan Arrangements

Background and summary

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

4. To finance an invest to save scheme.

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

- 5.12 As a preliminary to presenting a loan for comment and agreement, officers of the LA undertake detailed reviews of school requests. This usually involves discussions with the Headteacher, Chairman of Governors and Bursar.
- 5.13 The governing body of a school receiving agreement to a loan has to agree a medium term budget plan which has been formulated from known facts and realistic provision for future events that is kept under review with the LA on at least an annual basis. Where a school plans to become an academy, any outstanding loan needs to be repaid before conversion. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which will need to be agreed with the Director of Children, Young People and Learning and the Borough Treasurer and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.

Update on existing loans

- 5.14 There are 2 loans previously approved by the Schools Forum:

*Wildmoor Heath Primary School*

- 5.15 Wildmoor Heath Primary School identified a small shortfall between income and planned spend for 2013-14 of £15,000 which a medium term budget plan demonstrated could be fully repaid by 31 March 2017 through additional budget allocation from the BF Funding Formula as pupil numbers increase during the period of the loan request. Whilst the year end balance was further over drawn at March 2015 than expected when the loan was agreed, a balanced budget has been submitted for 2015-16, including provision for making the next instalment of the loan repayment and is therefore considered to be on target for full repayment.

*Sandhurst Secondary School*

- 5.16 Sandhurst Secondary School received a loan of £75,000 to be fully repaid by 31 March 2018 to allow for the purchase of a lease for two classrooms and office space located at Sandhurst School that was previously occupied by Bracknell and Wokingham College. This would allow the school to use the additional space for SEN support and drama and in the longer term to provide a new Sixth Form Centre, as well as providing a much needed reception area near the school car park. The school has undertaken a medium term budget review and is requesting a further advance to balance planned spend to income. More information is set out below in paragraph 5.18.

New loans proposed for 2015-16

- 5.17 In considering 2015-16 requirements, four new loans are proposed for secondary schools, three of which relate to covering medium term budget difficulties that can be financed from anticipated future increases in pupil numbers, with a fourth in respect of an invest to save scheme where the purchase of a new asset will generate annual savings in excess of the loan repayments, including interest charges.

*Loans to cover medium term budget difficulties*

- 5.18 As set out above in paragraph 5.13, before loans are agreed, the LA undertakes detailed financial reviews with relevant schools to confirm the financial viability of requests. Discussions have been undertaken with Brakenhale, Easthampstead Park and Sandhurst Secondary Schools, all of which have reached the stage where based on current information, and making a realistic assessment for future costs, the requested loan advances are recommended for approval, subject to receipt of request signed by the chair of governors confirming compliance with loan conditions. The ability to repay all of these loans is dependent of increases in pupil numbers raising future income at a faster rate than associated cost increases. This approach is consistent with LA projections of future pupil numbers. However, all schools have been reminded of the risks associated with this approach if pupil numbers do not materialise as expected. Loans to cover short term funding difficulties are granted on an interest free basis. Details of the proposed individual loan schedules are set out below in Table 1.

*Loan for an invest to save scheme*

- 5.19 Garth Hill College has submitted a loan application on the basis of an invest to save scheme where the loan repayments associated with the purchase of an asset are financed from resultant revenue savings. Invest to save loans are subject to interest charges. This scheme relates to the installation of Photovoltaic solar panels on roof space which will reduce the amount of purchased electricity. The detailed scheme has been co-ordinated by the council's Energy Manager and will cost £80,000 with annual savings of £9,383. It has a payback period of 9 years and an estimated life of 20 years. The loan application is for £70,000 over 10 years, with the school financing £10,000 of the capital investment.

Details of the proposed individual loan schedules are set out below in Table 1.

Table 1: Summary Schedule of School Loan Requests

School	2015-16 £k	2016-17 £k	2017-18 £k	2018-19 £k	Future Years £k	Total Advance £k
Brakenhale	130,000	60,000	-90,000	-100,000	0	190,000
Easthampstead Park	250,000	200,000	-80,000	-370,000	0	450,000
Sandhurst	160,000	80,000	-50,000	-140,000	-50,000	240,000
Garth Hill	70,000	-5,900	-6,140	-6,360	-52,600	70,000
Total	610,000	334,100	-226,140	-616,360	-102,600	950,000

- 5.20 Table 1 above confirms the significant value of loans being sought this year, all of which relate to secondary schools. At £0.95m, this represents 25% of the aggregate surplus balances held by schools and which are used to finance advances. This indicates that the current financial environment is beginning to have an effect on schools and will need to be monitored carefully to ensure schools can meet their financial obligations arising from the loans.
- 5.21 If, as expected, the trend of declining balances continues over the medium term, this is expected to have an impact on the capacity of the Forum to approve loans to

schools to manage short term funding difficulties. This is because advances are financed from the collective surplus balances held by schools, capped to maximum of no more than 40% of total balances.

#### Updated funding proposals for Rise@GHC

- 5.22 In January, as part of the update on SEN costings paper, the Forum was presented with initial budget proposals for funding the new 56 place Autistic Spectrum Disorder (ASD) SEN Unit to be provided from September 2015, on a phased basis from a site being refurbished on Eastern Road. Subsequent to this meeting, more work has been undertaken to refine the operating costs and likely income. The number of students to be admitted has also been confirmed at 7; 5 from BFC and 2 from another LA. This is 1 below capacity but at 88% is in excess of the original 80% target occupancy rate.
- 5.23 The revised 2015-16 budget plan and medium term funding model is attached at Annex B with Table 2 below showing a summary of the 2015-16 budget and financing arrangements which the Forum is recommended to agree, including the resultant budget virements from private, voluntary and independent (PVI) providers and draw down from the SEN Unit Reserve.

Table 2: Revised 2015-16 Funding Model for Rise@GHC

X ref to Annex B	Budget Area	Amount £ k	Amount £ k
	<u>Allocation to Garth Hill College</u>		
17	Net Expenditure At School	49.0	
	Jan - Aug	301.0	
	Sept - March		350.0
25	Income due from other LA pupils		-35.0
	Net funding for Garth Hill College		315.0
	<u>Centrally managed expenditure</u>		
18	Centrally Funded Specialist Therapies		13.1
	Total budget proposed for 2015-16		328.1
	<u>Financing:</u>		
24	Estimated saving from 5 BFC students that would otherwise be in PVI settings @ £23.9k (£41k full year)	119.5	
29	Estimated draw down from SEN Resource Unit Reserve	208.6	
	Total Financing		328.1

Anticipated Dedicated Schools Grant (DSG) for 2015-16

- 5.24 The Schools Block Budget for 2015-16 was agreed by the Forum in January and the High Needs and Early Years Blocks in March with anticipated DSG income of £82.178m, comprising £65.276m for the Schools Block (SB), £11.719m for the High Needs Block (HNB) and £5.183m for the Early Years Block (EYB). These decisions were taken before the DfE had confirmed the actual level of DSG.
- 5.25 Subsequent to this, the DfE has made a number of adjustments that have reduced the DSG to £78.052m and this is shown below in Table 3. Lines 1 to 3 are as previously reported, with lines 4 to 7 setting out the notified changes. In respect of line 6, removal of base funding for 2 year olds, there will be a new allocation once the DfE has finalised the funding policy for 2015-16.

Table 3: DSG for 2015-16

Ref	Budget Area	Provisional Funding £m
	<b><u>Initial DSG calculation:</u></b>	
1	Confirmed SB allocation	65.276
2	Estimated HNB allocation	11.719
3	Estimated EYB allocation	5.183
	<b>Total provisional DSG funding</b>	<b>82.178</b>
	<b><u>Adjustments to initial DSG:</u></b>	
4	HNB: Adjustment to number of places to be directly funded by the EFA	-0.295
5	HNB: Adjustment from move to funding on residency of student, rather than school location	0.329
6	EYB: Removal of base funding for 2 year olds. Subject to review and confirmation in July 2015	-0.668
7	Less funding for Ranelagh Academy	-3.492
	<b>Final anticipated DSG funding</b>	<b>78.052</b>

Post 16 Grant Funding

- 5.26 Following the setting of the Schools Budget, the post 16 earmarked grant allocation paid by the EFA, which LAs must “passport” on to relevant schools has also been revised. The relevant amount has recently been confirmed at £4.644m. Whilst this is a straight forward process for secondary sixth forms, where there is no overall financial effect from an increase to both income and expenditure budgets by the same amount as sixth forms are fully funded by the EFA, for Kennel Lane Special School, it is a different matter. This is because the Council calculates a whole budget for the school based on pupil needs, rather than age. The funding from the EFA is then “passported” to KLS and DSG funding used to finance the remaining balance.
- 5.27 The original budget assumed £0.412m income from the EFA, £0.093m less than the confirmed amount. In effect, the additional income is a saving and is proposed to be



transferred into SEN budgets which were originally used to fund the KLS budget. Provided all costs come in on budget, this budget will be unspent at year end.

Update on High Needs Budgets

- 5.28 An update report on progress against the management actions being introduced to secure current and long term savings on High Needs Budgets as reported to the Forum in January was expected to be available for this meeting. However, it has not been possible to secure robust enough costing information from a number of post-16 providers to provide a reliable forecast. The first update will therefore be provided in the autumn term which will also mean more accurate information will be available in respect of new academic year placements. At this stage, no significant cost issues have arisen and spend is expected to be contained within the budget that included anticipated savings from management actions.

Next Steps

- 5.29 Should the Forum support the proposals for financial support and budget virements, these will be presented to the Executive Member for final approval.

**6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

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

Borough Treasurer

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

Impact Assessment

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

Strategic Risk Management Issues

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

Other Officers

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

**7 CONSULTATION**

Principal Groups Consulted

- 7.1 Not applicable, applying agreed policy.

Method of Consultation

- 7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

None.

Contact for further information

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### **Extract from Section 4 of the Scheme for Financing Schools**

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

#### **4.9 Loan arrangements**

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

##### **Circumstances in which a loans may be agreed:**

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

##### **Outline features of the scheme.**

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

## Unrestricted

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

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

**OR**

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

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

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

**OR**

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

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

### Outline controls on loans

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

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

## Funding Model for Rise@GHC

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	2021-22 (Full year)
<b>Places and staffing - academic year data:</b>								
1	<b>Projected Maximum No. of Learners</b>	0	8	16	24	32	40	56
2	BFC resident	0	5	10	15	20	25	35
3	Other LA resident	0	2	4	5	7	9	11
4	Vacancy	0	1	2	4	5	6	10
5	Number occupied places in costing model	0	7	14	20	27	34	46
6	Occupancy rate	0%	88%	88%	83%	84%	85%	83%
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
<b>Financials - financial year data:</b>								
11	Staffing	£36,400	£186,100	£389,300	£530,700	£678,700	£797,700	£842,200
12	Premises	£0	£59,700	£144,300	£142,600	£138,500	£138,500	£138,500
13	Supplies & Services	£10,900	£27,800	£74,900	£88,200	£101,000	£124,440	£156,620
14	Transport	£250	£5,100	£12,250	£12,250	£12,250	£12,250	£12,250
15	Contingency at underlying 5%	£1,500	£22,700	£60,200	£57,400	£45,400	£52,900	£57,500
16	Total Income	£0	£400	£1,550	£2,500	£3,400	£4,450	£6,900
17	<b>NET EXPENDITURE AT SCHOOL</b>	<b>£49,050</b>	<b>£301,000</b>	<b>£679,400</b>	<b>£828,650</b>	<b>£972,450</b>	<b>£1,121,340</b>	<b>£1,193,810</b>
18	<b>CENTRALLY FUNDED SPECIALIST THERAPIES</b>	<b>£0</b>	<b>£13,100</b>	<b>£44,600</b>	<b>£74,200</b>	<b>£103,300</b>	<b>£134,600</b>	<b>£191,200</b>
19	<b>GRAND TOTAL NET EXPENDITURE</b>	<b>£49,050</b>	<b>£314,100</b>	<b>£724,000</b>	<b>£902,850</b>	<b>£1,075,750</b>	<b>£1,255,940</b>	<b>£1,385,010</b>
<b>Income and charging</b>								
20	Cost per occupied place (financial year cost divided by 5\12 summer term numbers, 7\12 autumn term numbers)		£76,900	£66,000	£52,000	£45,000	£41,000	£31,000
21	<b>Assume DfE place funding @ £10k per place annually in arrears</b>	<b>£0</b>	<b>-£40,900</b>	<b>-£110,700</b>	<b>-£175,100</b>	<b>-£240,800</b>	<b>-£310,800</b>	<b>-£375,000</b>
22	<b>Net cost to BFC (financial year: cost less DfE grant)</b>	<b>£363,150</b>	<b>£683,100</b>	<b>£792,150</b>	<b>£900,650</b>	<b>£1,015,140</b>	<b>£1,037,200</b>	<b>£1,010,010</b>
23	<b>Net cost per place for LAs to fund</b>	<b>£89,000</b>	<b>£62,000</b>	<b>£46,000</b>	<b>£38,000</b>	<b>£33,000</b>	<b>£28,000</b>	<b>£24,000</b>
24	<b>Est impact of around 5 BFC non-LEA leavers @ £41,000</b>	<b>-£119,600</b>	<b>-£324,600</b>	<b>-£529,600</b>	<b>-£734,600</b>	<b>-£939,600</b>	<b>-£1,144,600</b>	<b>-£1,349,600</b>
25	Est income from OLAs: assume on-going charge of £24,000 NB: with premium of £6,000 for 2 years then £3,000 for 2 more years	-£35,000	-£95,000	-£124,000	-£167,000	-£221,000	-£259,000	-£254,000
26	<b>Estimated saving / income from OLA</b>	<b>-£154,600</b>	<b>-£419,600</b>	<b>-£653,600</b>	<b>-£901,600</b>	<b>-£1,160,600</b>	<b>-£1,403,600</b>	<b>-£1,603,600</b>
27	<b>Net additional cost(+) / saving(-)</b>	<b>£208,550</b>	<b>£263,500</b>	<b>£138,550</b>	<b>-£950</b>	<b>-£145,460</b>	<b>-£366,400</b>	<b>-£593,590</b>
28	<b>Cummulative change</b>	<b>£208,550</b>	<b>£472,050</b>	<b>£610,600</b>	<b>£609,650</b>	<b>£464,190</b>	<b>£97,790</b>	<b>-£495,800</b>
29	<b>Estimated draw down from SEN Resource Unit Reserve</b>	<b>£208,550</b>	<b>£263,500</b>	<b>£138,550</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£610,600</b>
30	<b>Total available in SEN Resource Unit Reserve</b>	<b>-£489,784</b>	<b>-£55,000</b>	<b>-£55,000</b>				<b>-£649,784</b>
31	<b>Estimated remaining balance in SEN Resource Unit Reserve</b>							<b>-£39,184</b>
32	<b>Estimated on-going saving - annual</b>				<b>-£1,000</b>	<b>-£144,000</b>	<b>-£221,000</b>	<b>-£229,000</b>
33	<b>Estimated on-going saving - cumulative</b>				<b>-£1,000</b>	<b>-£145,000</b>	<b>-£366,000</b>	<b>-£594,000</b>

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TO: SCHOOLS FORUM

DATE: 16 JULY 2015

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## **FUNDING POLICY FOR NEW AND EXPANDING SCHOOLS**

**Director of Children, Young People and Learning**

### **1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to inform the Schools Forum of the requirement to develop a revenue funding policy for new and expanding schools. This arises from the new build programme currently envisaged and the need to allocate revenue resources to cover initial start-up costs and the diseconomies of scale that will be experienced until sufficient numbers of pupils are on roll. It also reminds the Forum that this is a significant financial pressure at a time of cash flat funding settlements and growing cost pressures.

### **2 RECOMMENDATIONS**

**That the Schools Forum NOTES:**

- 2.1 **a significant revenue funding pressure is anticipated as a consequence of increased pupil numbers arising from the anticipated school building programme;**
- 2.2 **the potential need for a new factor to be added to the BF Funding Formula for Schools to recognise the additional costs incurred at schools operating on two different sites;**
- 2.3 **that detailed proposals for a funding policy for new and expanded schools will be presented to the Schools Forum for approval in autumn 2015 together with associated financial implications.**

### **3 REASONS FOR RECOMMENDATIONS**

- 3.1 To ensure that an affordable, clear, fair and transparent funding policy is in place that can be consistently applied to all new schools.

### **4 ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 These will be included on a future report.

### **5 SUPPORTING INFORMATION**

#### Background

- 5.1 The Forum will be aware of the significant growth in pupil numbers that has been experienced in recent years. The latest 2014 pupil forecasting information indicates the trend of increasing pupil numbers and pressure on the intake year in primary schools will

continue and begin to impact on secondary schools. In total a further 4,090 pupils will be seeking a school place by 2019, a 25% increase, as follows:

- 1) primary age forecasts indicate a total of 11,669 places will be needed by 2019. This represents an additional 2,208 additional pupils, or a 23% increase;
- 2) secondary age forecasts indicate a total of 8,458 places will be needed by 2019. This represents an additional 1,882 pupils or a 29% increase.

These projections present the maximum forecast number of pupils and are therefore the “worse case” scenario. They are subject to change, for example the actual rate of housing build delivered by developers may be different to the current forecast.

- 5.2 To date, the strategy to deliver the required additional places has been successful and includes where feasible expanding onto existing school sites plus the creation of new schools. The Council’s pupil forecasts have secured £39m of Department for Education (DfE) school places capital grant for the 5 year period 2013-2018, an annual average of nearly £8m. This has significantly reduced financial pressure on the council’s resources.
- 5.3 Moving forwards, a greater number of additional places will be provided in new schools in response to planned housing developments. This creates a new revenue funding pressure as there will be significantly higher start-up costs in new schools compared to those being expanded, as well as a longer period of diseconomies of scale as pupil numbers increase in line with the rate of housing developments which will generally continue for a number of years after the school has opened. An indicative outline of potential new schools is set out below in Table 1. A provisional opening date is also included together with a tentative number of pupils. Most schools are expected to take a number of years to achieve their full capacity.

**Table 1: Potential new schools**

Area	Forms of Entry (FE) (1)	Maximum places	Pupils admitted at opening (estimate)	Provisional opening date	Type of school
<b><u>Primary:</u></b>					
Warfield West	2	420	60	Sep-16	Expansion
Warfield East	2	420	60	Sep-19	New
Amen Corner South	2	420	60	Sep-18	New
Amen Corner North	1	210	30	Sep-17	New
Crowthorne (TRL site)	2	420	60	Sep-18	Expansion
<b><u>All through school</u></b>					
Binfield Learning Village					
Primary:	2	420	60	Sep-18	} New
Secondary:	7	1,050	150	Sep-18	
Grand Total	18	3,360	480		
Primary	11	2,310	330		
Secondary	7	1,050	150		
(1) Schools will ordinarily open with relatively limited pupil numbers but rapidly expand. 2 FE schools are expected to open with 1 FE. Schools will generally be built to allow cost effective future expansion.					



Funding Policy

- 5.4 There are three revenue cost pressures arising from new schools that need to be included within the funding policies for schools:
- 1) Pre-opening / start-up costs. New schools will incur start-up costs associated with planning and preparation, including staff recruitment. These apply to the period between the capital work being completed and the school opening, and will characteristically cover salary costs of headteacher, caretaker and administration prior to opening and the purchase of any resources not covered by the capital element of the project.
  - 2) Diseconomies of scale. These relate to the need to incur some fixed management and premises costs as new schools build up their numbers that the normal operation of the Funding Formula for Schools does not adequately fund when pupil numbers are relatively low.
  - 3) The cost of additional pupils admitted to new schools, generally at the start of the academic year. The ring-fenced Dedicated Schools Grant (DSG) funds LAs for their Schools Budget based on a lagged head-count basis. Funding is based on actual pupil numbers at the October prior to the commencement of the financial year. Any new pupils entering schools after that date are not therefore funded by the DfE but where significant, relevant schools will need to be adequately resourced.
- 5.5 In terms of pupils that will be admitted to new schools, the funding regulations require that LAs should estimate the numbers expected to join the school in September and fund in accordance with the local Funding Formula for Schools for the 7 months of the financial year that the school is open. As well as the per pupil funding amounts, including estimates for levels of deprivation and low prior attainment, a relevant share of business rates and the fixed lump sum payment must also be allocated. In all instances schools will have to be funded for more pupils than those included in the DSG income which clearly creates a budget pressure.
- 5.6 To recognise the financial effect of opening new schools from start-up costs and diseconomies of scale, the DfE allows the DSG to be used to finance a Growth Fund where this relates to supporting growth in pre-16 pupil numbers to meet basic need i.e. a general increase in total pupil numbers. It may not be used to support schools in financial difficulty or general growth at individual schools due to popularity.
- 5.7 In light of the significant number of new schools currently being planned, a Growth Fund is likely to be required in BF.
- 5.8 The financial effect of a Growth Fund is to top slice funds that would otherwise have been allocated through the BF Funding Formula for Schools, the consequence of which is less funds being available for allocation into in each individual school's budget share. Clearly it is important that any amount allocated to a Growth Fund is carefully estimated to minimise the financial effect on all other schools, including academies. The Schools Forum must approve the amount of funds proposed by an LA for inclusion in a Growth Fund and this will need to be considered as part of the 2016-17 budget setting process.
- 5.9 Where a Growth Fund is proposed, LAs are required to produce criteria to determine the allocation of funds. These must provide a transparent and consistent basis for the allocation of funds, including the basis for calculating the sum to be paid, which can be different for different phases. The Education Funding Agency (EFA) is required to approve relevant proposals.

- 5.10 The EFA has indicated that methodologies for distributing funding could include:
- 1) A lump sum payment with clear parameters for calculation, which is usually associated with start-up costs
  - 2) £x per pupil (usually based on AWPU) and reflecting the proportion of the year which is not funded within the school's budget share
  - 3) £x per pupil, with a maximum ceiling
- 5.11 Initial internet research of other LAs has identified a wide range of policies in place. Most use a lump sum payment to cover start-up costs, with some paying an additional amount per pupil for classroom equipment and resources. From the sample used, lump sum payments vary from £25,000 (Staffordshire CC 1 FE Primary) to £125,000 (Devon CC 7 FE Secondary).
- 5.12 For diseconomies of scale, some LAs fund schools on guaranteed pupil numbers, irrespective of actual take up, generally in multiples of 30 pupils, based on pupil led funding factors, others use lump sum payments, often tapered to reflect how full the school is, paying less as schools fill up with pupils. Funding is generally time limited.
- 5.13 More work is required to develop detailed proposals to meet the local needs of BF schools. In particular, a different approach to funding will be required for new schools start-up costs where an existing school expands onto a new site compared to a completely new school with no existing infrastructure to call on as relative costs that need to be incurred will be very different.
- 5.14 There is a further consideration for funding new schools located across two sites. This relates to unavoidable extra costs because the buildings are on separate sites which typically include transport costs for staff and / or pupils moving between the sites and additional fixed reception and premises costs. DfE funding regulations allow for a split site factor to be used provided there are clear trigger points, such as the sites are at least x miles apart and are separated by a public highway, where x% of staff are required to teach on both sites on a daily basis, or where x% of pupils are taught on each site on a daily basis. Funding can generally be allocated as a lump sum payment, amount per pupil or amount per square metre of the additional site. Payments can be different for primary and secondary schools and also stepped, such as when the distance between sites exceeds defined distance thresholds. This factor needs to be fully evaluated to consider whether it will be beneficial to use for Warfield West from 2016-17 and proposals will be made, if relevant, as part of the 2016-17 budget setting process.
- 5.15 These different types of new school will also be structured differently. The Education Act 2011 changed the arrangements for establishing new schools and introduced section 6A (the academy presumption) to the Education and Inspections Act 2006. Where an LA requires a new school it must seek proposals to establish an academy or free school first. All new academy proposals require approval of the Secretary of State although it appears this may now be the regional Schools Commissioner. However the key point concerning approval remains constant. The LA must assess all proposals received and send the outcome of the assessment to the Secretary of State for consideration. The requirement is likely to result in the creation of 4 new academy schools in the borough at Warfield East, Amen Corner South, Amen Corner North and Binfield Blue Mountain. The Council is in the early stages of seeking an academy provider for the all through school planned for Binfield Learning Village.

Provisional Financial Implications

- 5.16 In setting the 2015-16 Schools Budget, the need to open a number of new schools was highlighted as a significant financial pressure for future years. It was reported that additional funds of around £0.7m would be required to support the new 2 FE Jennett's Park Primary School over a 6 year period. This amount was calculated from the assessed level of spend required each year as the school grows compared to the budget allocated through the normal operation of the Funding Formula for Schools which funds on lagged pupil numbers. In this instance, the size of the housing development, circa 1,500 dwellings, meant that the school filled up quickly, although there was a delay to the originally expected opening date due to a slow down in construction by the developer. Higher costs are likely at the new schools currently envisaged as there are smaller estates to draw new pupils from.
- 5.17 Until more work has been completed to inform the best approach to take in funding new schools, it is not possible to accurately project the likely amount of pressure. However, taking account of the number and anticipated phasing of the new schools, the cost is likely to exceed £1m per annum at its highest.
- 5.18 In addition to a core allocation from the BF Funding Formula for Schools, including an estimate for deprivation and other pupil led funding, early analysis suggests the following additional funding allocations will need to be made to relevant schools:
- 1) for start-up costs, a fixed lump sum, typically to cover the period January to August for a September opening, with different amounts payable to an expanded primary school (lowest value), new primary school and new all through schools (highest value).
  - 2) for diseconomies of scale, an amount per pupil, plus a fixed lump sum, tapered to reduce as pupil numbers rise and the school reaches specified capacity levels e.g. the lump sum payment reduces once the NOR reaches 40% of capacity, then again at 50% and so on. There is likely to be a different primary / secondary per pupil funding rate and a differential fixed lump sum payment in a similar way to start-up costs. The fixed lump sum payment will probably only be payable for a limited period of time.
  - 3) for split site costs, an amount per pupil. This is only expected to be payable once eligibility to the diseconomies fixed lump sum payment has expired. This is because the calculation of the diseconomies fixed lump sum will take into account the additional costs where a school operates across two sites.
- 5.19 Clearly, this is a significant financial pressure at a time when cash flat funding settlements from the DfE can be expected with increasing cost pressures on schools, not least from rising pension costs and general inflation meaning schools will need to continue making year on year savings and efficiency gains to balance their budgets. There is also likely to be on-going cost pressures relating to High Needs Pupils and whilst a strategy is in place to manage the £2m pressure experienced in setting the 2015-16 budget, the need to spend is volatile, unpredictable, generally high cost in nature and subject to change at very short notice.
- 5.20 At this stage there is only one realistic revenue stream for the pressure arising from new schools and this relates to the funding gain achieved in LAs experiencing growth in pupil numbers. With the DfE paying BFC a higher per pupil amount than the average per pupil funding allocation through the BF Funding Formula for Schools there is a financial gain to the Schools Budget. Over the last three years, there has been an average gain of around £0.35m which has been distributed to all schools. It is likely that all of the actual amount gained in each of the next 3 to 4 years will need to be added to a Growth Fund. It may

also be appropriate to create a ring-fenced Growth Fund Reserve to ensure any under spending when there are fewer new schools to support is earmarked for the future when more schools will be open and require financial support.

## **6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

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

### Borough Treasurer

- 6.2 Significant revenue cost pressures arise from the new school building programme. Once these have been quantified, they will need to be considered as part of the normal budget setting process.

### Equalities Impact Assessment

- 6.3 None identified.

### Strategic Risk Management Issues

- 6.4 The risk to providing sufficient school places is considered low in the short to medium term as funds and agreements are in place to deliver new schools towards the beginning of major house building programmes, thereby creating the required places.
- 6.5 There is likely to be a significant revenue pressure on the Schools Budget arising from the need to simultaneously adequately fund a number of new schools that are below their full capacity and therefore encountering diseconomies of scale. This will need to be funded from within the overall cash limited Dedicated Schools Grant which will inevitably place pressure on the funds available for all schools and services that support them.

## **7 CONSULTATION**

### Principal Groups Consulted

- 7.1 CYPL Departmental Management Team.

### Method of Consultation

- 7.2 Written report.

### Representations Received

- 7.3 Included in this report.

Background Papers

None.

Contact for further information

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