



NOTICE OF MEETING

Schools Forum

Thursday 15 September 2016, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Schools Forum

Schools Members:

Sue Barber, Primary School Governor
John Throssell, Primary School Governor (Vice-Chairman)
Dr Keith Stapylton, Primary School Governors
One Vacancy, Primary School Governor
Brian Fries, Secondary School Governor
One Vacancy, Secondary School Governor
Liz Cole, Primary School Representative
Karen Davis, Primary Head Representative
Trudi Sammons, Primary School Representative
Grant Strudley, Primary Head Representative
Keith Grainger, Secondary Head Representative
Debbie Smith, Secondary Head Representative
Beverley Stevens, Academy School Representative
One Vacancy, Academy Governor Representative
Martin Gocke, Pupil Referral Unit Representative
Anne Shillcock, Special Education Representative

Non-Schools Members

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

ALISON SANDERS
Director of Corporate Services

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Published: 7 **September** 2016

Schools Forum

Thursday 15 September 2016, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

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AGENDA

	Page No
1. Election of Chairman	
2. Appointment of Vice-Chairman	
3. Apologies for Absence/Substitute Members	
To receive apologies for absence and to note the attendance of any substitute members.	
4. 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.	
5. Minutes and Matters Arising	
To approve as a correct record the minutes of the meeting of 10 March 2016.	5 - 14
6. 2015-16 School Balances	
To update members of the Schools Forum on the level of balances held by schools as at 31 March 2016, 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.	15 - 28
7. 2015-16 Provisional Outturn on the Schools Budget	
To inform members of the Schools Forum of the provisional outturn on the 2015-16 Schools Budget, including the allocation of balances and the use of Earmarked Reserves.	29 - 40
8. 2016-17 Proposals for Additional Financial Support to Schools and Other Associated Matters	
To update members of the Forum on proposals for financial support to schools, and amendments to funding policies, including the Scheme for Financing Schools.	41 - 58

9. **Update on School and Education Funding**
To update on the Schools Forum on the potential implications to the council and schools from consultations issued by the Department for Education (DfE) relating to proposed changes to education and school funding. 59 - 92

10. **2016-17 Budget Monitoring**
To update the Schools Forum on the 2016-17 forecast budget monitoring position for the Schools Budget and to be aware of key issues and management. 93 - 102

11. **Review of Provision for Academy and Secondary School Representatives on the School Forum**
To seek endorsement of an amendment to the Forum's membership composition, and to improve the suggested amendments to the Schools Forum Constitution. 103 - 118

12. **Dates of Future Meetings**
20 October 2016
8 December 2016
12 January 2017

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**SCHOOLS FORUM
10 MARCH 2016
4.30 - 6.15 PM**

Present:

Schools Members

Liz Cook, Secondary Head Representative
 Karen Davis, Primary Head Representative
 Brian Fries, Secondary School Governor
 Keith Grainger, Secondary Head Representative
 Trudi Sammons, Primary School Representative
 Anne Shillcock, Special Education Representative
 Beverley Stevens, Academy School Representative
 Grant Strudley, Primary Head 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
 Martin Gocke, Pupil Referral Unit Representative
 John McNab, Secondary School Governor
 Debbie Smith, Secondary Head Representative

16. Declarations of Interest

There were no declarations of interest.

17. Minutes and Matters Arising

In respect to identifying an alternative funding stream for the Schools Music Festival it was noted that this had not yet been progressed.

RESOLVED that the minutes of the meeting held on 14 January 2016 be approved and signed by the Chairman as a correct record.

Members were advised that an additional item had been added to the agenda which was to receive an update on School and Education Funding following the release of two significant consultation documents from the DfE.

18. LA Revenue Budget 2016-17 - Further Savings Protocol

As part of the Council's consultation process, the Forum received a report on the 2016/17 further savings proposals of the Executive in respect of the revenue budget for the Children, Young People and Learning Department. This reflected the confirmed financial settlement for the Council which was £2.4m worse than expected.

Without this information, Council-wide initial budget proposals included economies of approximately £4m which left a potential budget gap of around £6.044m. An increase in Council Tax, an appropriate contribution from the Council's revenue reserves and identification of further economies were available as options to bridge this gap. The Council had established a Transformation Board to review the delivery of all services over the next four years and identify where further savings could be made. The initial review of five service areas, which did not include CYPL, identified potential economies of £2.183m for 2016/17 of which £1.816m was expected to be available to contribute to closing the £6.044m gap.

The provisional Local Government Financial Settlement was announced in December 2015 confirming the £2.4m gap in the initial budget proposals. Other Councils in Berkshire were similarly affected by the provisional Settlement and as such, a delegation of Berkshire Council Leaders, headed by the Leader of Bracknell, met with the Minister for Local Government and put forward a strong case for Berkshire to be treated more favourably. This had the result that Bracknell Forest would receive a newly introduced transitional grant of £0.9m in both 2016/17 and 2017/18. However, the Revenue Support Grant loss of £5.4m in 2016/17, which was £2.4m more than the anticipated loss, meant that in overall terms this still represented a further £1.5m loss of grant in 2016/17.

In respect of additional economies for CYPL in 2016/17, the report detailed the following proposed savings:

- A reduction in universal service provision within the Alders & Chestnuts Children's Centre area of £75,000.
- A number of savings within the Early Help Offer of £217,000. These included:
 - A reduction in resource support for the Every Child a Talker Programme.
 - Deletion of 2.2 FTE Development Officer posts.
 - Removal of resources budget at the Family Information Service.
 - 50% reduction in grant allocated to Homestart for the provision of trained volunteers to support families requiring early help.
 - Deletion of voluntary sector grant support to KIDS Young Carers.

The timetable for these proposals included a twelve week consultation period from 24 February 2016 to 17 May 2016, recommendations to the Council by the Executive on 14 June 2016 with the Council considering the Executive's recommendations on 13 July 2016.

The Forum was advised that generally speaking a number of service contracts were coming to an end and this had provided officers with an opportunity to review actual spend against service delivery. Anne Shillcock expressed her concern at the proposed additional savings and the likely implication of a reduced service to the most vulnerable families. In particular, Anne was concerned about the reductions in support for the Every Child a Talker Programme and in the Homestart grant which could impact on whether a vulnerable, young child would be ready to start school. In addition, Anne raised her concern about the deletion of the grant to KIDS Young Carers and asked what organisation would be able to replace the work carried out by KIDS at no cost. David Watkins, Chief Officer, Children, Young People and Learning advised members that £20,000 would still remain in the budget for young carers and therefore the service provided by KIDS Young Carers would be integrated into other service areas and support to young carers would continue to be provided but just delivered differently. Members were advised that the Department's performance in

terms of early years had increased and in some areas was in the top three in the country. As a consequence, officers had worked hard to look at the impact of potential savings and recognised that the proposed cuts were significant for a small authority. Members were advised that if the proposed savings were implemented following the consultation the affected services would be monitored very carefully and kept under strict review.

The Forum discussed alternative revenue streams to help offset the proposed savings such as bidding in the Big Lottery Fund. David Watkins advised this had been looked at by the Council and would continue to be pursued whilst being mindful they were competing against larger authorities who were able to demonstrate they could make a bigger and better impact on more children. In addition, Members were advised that the Department would look at partners such as Health, CCGs and CAMHS to assist in service delivery in order to build on the good start that had been made with the Family Focus Programme.

Members were advised that the additional capital savings proposals would be reviewed at a future meeting but it was noted that the reductions to buildings planned maintenance did not include schools. The Forum discussed the significant budget in 2016/17 for the construction of Binfield Learning Village. The forecast for school places meant the site was still required but even if the planned phasing for the completion and release of housing stock changed and affected that forecast, money from the capital programme could not be used to fill gaps in the revenue budget.

Members requested the following **COMMENT** was fed back to the Executive in respect of the 2016/17 further savings proposals:

The Schools Forum were unanimous in their view that the 2016/17 proposed further savings in respect of the revenue budget for CYPL would have a significant and detrimental affect on the outcomes for young people which, once realised, would be too late for those young people. The Schools Forum believed officers faced an unrealistic timeframe in which to determine where the cuts should be made and Members felt they too faced an unworkable timeframe in which to offer viable alternatives to the proposed cuts.

19. **Proposals for the 2016-17 Early Years and High Needs Block Elements of the Schools Budget**

The Forum was presented with a report on proposals from the Council for the 2016/17 Early Years and High Needs Block elements of the Schools Budget. Recommendations agreed from this report would form the basis of proposals to be presented to the Executive Member for Children, Young People and Learning.

Early Years Block

Paul Clark, Head of Departmental Finance, Children Young People and Learning said the DfE had confirmed that per child funding for Early Years Block for universal entitlement to 15 hours a week free education and childcare for 3 and 4 year olds would remain unchanged from 2015/16 meaning no allowance would be made for inflation or other pressures. The funding rate would therefore stay at £3,928.30 which was equivalent to £4.13 per hour per child using the DfE calculation of the standard full time education rate of 25 hours a week for 38 weeks a year (950 hours in a year).

Taking account of this information, the initial Early Years Block DSG income is forecast to be £5.196m, and the budget was recommended to be set at this level,

with funding rates to be paid to providers remaining unchanged from the current year with the following changes to the budget being proposed:

1. Updated budget provision for payments to providers to reflect:
 - Estimated actual participation rates for 3 and 4 year olds by provider using May 2015, October 2015 and January 2016 data for 2016/17. Payments would be adjusted during 2016/17 to reflect actual participation and any difference in actual payments to the estimates would be funded through the contingency. This would equate to an increase of £0.049m.
 - Actual participation rates for 2 year olds by provider based on January 2016 data which reflected the current take-up. Again, payments would be adjusted in-year to reflect actual participation and funded through the contingency as necessary. This equated to a cost reduction of £0.036m.
2. Following the restructure within the Early Help provision, the service delivered at the Margaret Wells Furby Children's Resource Centre was brought in-house with effect from April 2015. Third sector staff had transferred into the BFC Early Help Inclusion Team and the restructure had led to improved service delivery and outcomes for children and families. This change equated to a net nil budget adjustment.

The Forum examined the figures for the Early Years Block Budget of £5.196m for 2016/17. Questions and comments from forum members were received in respect of:

- The net cost of £11,210 for free milk to eligible children. Milk was donated by the EU and the budget was needed in order to manage the provision which some Members felt was beneficial to the children. Discussion took place as to whether the budget could be better utilised by being diverted to a service that had been identified in the proposed additional economies for CYPL. However, it was believed there was a requirement by LAs to provide free milk to eligible children but Members would be advised if this was not the case.
- Funding for one FTE Early Years Development Officer. Members were advised this was not a new post and was supporting early years providers in tracking and monitoring children's progress to ensure school readiness.
- Members were advised there was no further update from the DfE on the practical implementations of doubling free childcare entitlement from 15 hours to 30 hours for eligible working families with 3 and 4 year olds or the proposal to increase the average hourly rate paid to childcare providers.

High Needs Block

Members were advised that the Education Funding Agency had calculated an initial 2016/17 High Needs Block allocation for Bracknell Forest of £11.902m, an increase of £0.183m on the current budget. This allocation included £0.215m which was a share of the confirmed additional national funding of £92m added by the DfE for distribution to LAs based on population aged 2-19 years. Members were advised that as the final High Needs Block DSG would not be confirmed until the end of March it was proposed to retain the increase of £0.183m in case of an adjustment to the places deduction or if actual costs incurred exceeded budget estimates.

With regard to Rise@GHC, the new 56 place Autistic Spectrum Disorder (ASD) pupil facility at Eastern Road, the original funding model anticipated annual savings when fully opened of around £0.72m on placement fees from 35 BF resident students, with

additional placements being made, and paid for, by other LAs. However, the DfE were changing the way that non maintained special schools were to be funded for places, with there no longer being an increase to an LAs High Needs Block DSG if less external places are required. This therefore reduced the anticipated savings by half to around £0.36m which meant a lower contribution to planned cost reductions than previously anticipated. An adjustment to the 2016/17 budget plan would therefore be required.

The report set out the good progress made in managing down 2015/16 expenditure on high needs budgets, with a forecast saving of £0.447m together with an anticipated under spend of £0.048m by other centrally managed budgets in the Schools Budget making an aggregate forecast under spend of £0.495m.

The SEN Team, supported by Finance, had reviewed all High Needs budgets and a number of changes to budgets were proposed of which the key aspects were:

- The majority of savings being experienced in the current year on external placements were expected to continue into 2016/17, with a full year effect saving of £0.483m; £0.707m basic savings, with £0.224m arising from reduced numbers of ASD placements following the opening of Rise@GHC, where the resultant budget saving needs to be transferred.
- To reflect the additional number of post 16 places expected as the age of funding responsibility had been extended, provision for 15 additional element 3 top up payments and 25 new places at £6,000 each (EFA would pay the first £4,000). Estimated cost of £0.264m.
- An increase in average support needs in 2015-16 at Kennel Lane Special school was expected to create a pressure of £0.295m.
- Income from the EFA for post 16 places at Kennel Lane Special school would be above the current income target by £0.088m.

The report recommended the Forum agree this approach to setting the High Needs Block related budgets to the Executive Member and to confirm that appropriate arrangements were in place for the education of pupils with SEN and use of pupil referral units and the education of children not in school.

The report stated that further medium term pressures were anticipated from demographic and legislative changes. Therefore, the Council had proposed an independent review of High Needs funding in order to help identify further opportunities for the efficient use of resources and also to maximise the benefits for high needs pupils. The intention was to conduct the review during the summer term 2016 and that the team would comprise an experienced head teacher with senior leadership experience in both mainstream and special schools and a senior officer level post with experience of managing SEN services in at least two LAs. The proposed terms of reference were set out in Annex 6 of the report.

Questions and comments from forum members were received in respect of:

- The proposed budget of £5,000 to prevent exclusions. Members were advised this figure was intended for short term intervention and had been based on current spend.
- Was Bracknell Forest meeting its statutory duty to primary excluded children not able to access school education? Officers commented they were not

aware of any primary excluded children but provision would be made for them via the home tuition service. In those circumstances, the school making the exclusion had to provide the funds via a transfer of the initial monies allocated to it for that child to whichever service the child then received.

The Forum **AGREED** the following recommendations made in the report:

That the Executive Member makes the following decisions:

For the Early Years Block funded budgets:

- 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 2015/16 financial year.
- That the total initial budget was set at £5.196m.

For the High Needs Block funded budgets:

- The total initial budget was set at £14.312m.
- In its role of statutory decision maker, that there are appropriate arrangements in place for:
 1. Early years provision
 2. The education of pupils with SEN, and
 3. The use of pupil referral units and the education of children otherwise than at school
- The terms of reference for the High Needs funding review.

20. **2015-16 funding allocations**

The Forum received a report on the in-year allocation of funds to schools through School Specific Contingencies and other centrally managed budgets that are funded from the DSG.

The Forum **NOTED:**

- Due to significant in-year increases in pupil numbers, 8 schools (5 Primary and 3 Secondary) had received additional funding which totalled £195,050.
- Four schools required to meet the Key Stage 1 Class Size regulations received additional funding totalling £42,479 due to actual changes in pupil numbers for the 2015 summer and autumn terms and the spring term 2016.
- A specific budget had previously been agreed to support new and expanding schools which specifically related to Jennett's Park Primary School. Top up funding was set aside to reflect the special circumstances arising from a rapid increase in roll from a 1 form of entry school to 2 forms of entry, opening a new class each academic year. Based on the assessed additional costs that the school would face, the Forum had agreed that £50,000 should be allocated each year a new class was required to be opened.

- Two Primary and 2 Secondary schools received additional funding allocations that totalled £68,842 as a result of having a disproportionate number of SEN pupils.
- Four schools in financial difficulties received additional financial support of between £2,000 and £23,206. Funds were allocated by the LA as a result of each school being awarded an Ofsted judgement of Requires Improvement or Inadequate to make the required improvements.

The recommendation to note the above was to ensure that the Schools Forum supported how contingency funds had been allocated to schools and that it was aware of the total amount involved.

Members were advised that existing policy text on funds used to distribute centrally managed funds to schools had been amended so that the School Specific Contingency would now be known as the Growth Fund. In respect of the policy for the allocation of additional funds to support new and expanding schools for 2016/17 only, Members were asked to agree the new policy wording which would be reviewed and updated before April 2017.

The Forum had agreed last year that The Pines Primary School should receive on-going additional financial support due to additional site costs associated with the expansion of the school where the Primary Professional Centre had been returned to school use to accommodate increases in pupil numbers. The report set out how the funding top up had been calculated and Members noted that the initial calculation indicated top up funding of £10,000. The amount would be subject to update in light of final account actual expenditure for the newly refurbished buildings and any further comments from the school or new matters that come to light during the costing process.

The Forum **AGREED:**

- An exceptional funding allocation of up to £10,000 for The Pines Primary School.
- The amendments to existing policy texts on funds used to distribute centrally managed funds to schools.

21. **Update on School and Education Funding**

Paul Clark gave a presentation to Members updating on school and education funding following a report received from the DfE. The key headlines were:

Schools National Funding Formula

- Main funding for schools and education to remain through the Dedicated Schools Grant (DSG) and Pupil Premium Grants (PPG).
- Schools Block to be calculated from a national funding formula. There would be no local funding formula, everything would be centrally managed.
- The component parts of the funding formula included basic per pupil cost, a uniform amount for KS1/2, KS3 and KS4 and an amount for additional needs such as deprivation at pupil and area level and low prior attainment.
- There was a further £600m savings target on the Education Services Grant – of which Bracknell Forest’s share was £1.5m – to be achieved from LAs “stepping back from School Improvement” and removal of other duties.

- The role of the Schools Forum to continue unchanged to 2018/19, subject to review thereafter.
- The Minimum Funding Guarantee would continue.
- Support for school efficiency to be developed to help relevant schools manage funding reductions.

There would be a 2 stage consultation process. Stage 1 was the setting out of the principles and factors to be used in the formula, closing date of 17 April 2016. Stage 2 was to seek views on the weightings for each factor. LAs to manage school budgets in 2017/18 and 2018/19 but to the funding levels allocated through the national funding formula. In 2019/20 all schools would be directly funded through the national funding formula.

High Needs Funding Reform

- Funding to continue to be allocated to LAs, not schools.
- New funding formula based on proxy measures to include low prior attainment, pupil and area deprivation, population aged 2 to 18, geographical costs.
- Fund mainstream schools with SEN resource units at £6,000 per place, with per pupil funding added to the main school budget.
- To add independent special schools to the institutions that receive £10,000 place funding from the EFA by deduction to LA DSG.
- A consultation would take place to consider how a post-16 funding formula would work for mainstream post-16 providers with a small number of high needs pupils.
- DfE to make available capital funding for invest-to-save schemes, such as Rise@GHC and other lower cost, high quality initiatives.
- £200m would be available to support the expansion of existing provision as well as the development of new schools to create new specialist places.
- Element 3 'top up' funding to all institutions for assessed support needs would remain.
- Local arrangements for alternative provision funding would remain unchanged.

There would be a 2 stage consultation process. Stage 1 was the setting out of the principles and factors to be used in the formula, closing date of 17 April 2016. Stage 2 was to seek views on the weightings for each factor and transitional arrangements.

Proposals for the Early Years Funding Reform would follow and were set to be implemented from April 2018.

Paul Clark said he would e-mail members the full DfE report and asked for comments to be returned to him no later than 10 April 2016.

22. **Dates of Future Meetings**

The next meeting scheduled for 21 April 2016 was CANCELLED.

The next meeting is scheduled for 16 June 2016.

23. **Update on School and Education Funding**

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- £200m would be available to support the expansion of existing provision as well as the development of new schools to create new specialist places.
- Element 3 ‘top up’ funding to all institutions for assessed support needs would remain.
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Proposals for the Early Years Funding Reform would follow and were set to be implemented from April 2018.

Paul Clark said he would e-mail members the full DfE report and asked for comments to be returned to him no later than 10 April 2016.

CHAIRMAN

TO: SCHOOLS FORUM
Date 15 SEPTEMBER 2016

2015-16 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 2016, 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 5.3;**
- 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 5.5, and in particular;**
- i. **Aggregate surplus balances continue to decline, with an in-year reduction of -£0.537m (-17.3%);**
 - ii. **Secondary schools are drawing down more from their reserves than primary schools;**
 - iii. **At 3.8%, average balances are considered to be below the level required for working balances to cover unforeseen circumstances and an increase risk exists of schools over spending their budgets.**

That the Schools Forum AGREES:

- 2.3 **That all of the significant surplus balances held by schools have been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back (paragraph 5.14).**

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 2016. For comparison, the annex also shows the change from the 2014-15 year end position. Annex B provides a summary profile of deficit and surplus balances.

General comments on school balances

5.3 Some comments on the analysis are as follows:

1. Aggregate surplus balances have decreased by £0.680m, from £4.086m to £3.407m. This is a reduction of 16.4%.
2. There has been a net decrease in surplus balances in the primary and PRU sectors of £0.146m (-4.4%). Aggregate surpluses in the secondary and special sectors have decreased by £0.534m (-63.1%).
3. On average, at 5.0% of total budget, overall reserves are considered to be at an adequate level for sufficient working balances to cover unforeseen circumstances.
4. The aggregate surplus balance of £3.407m comprises £3.855m from surpluses (was £4.223m) and £0.448m in deficits (was £0.136m). There has been a deterioration in the level of surpluses and an increase in the level of deficits.
5. The average surplus balance for a primary school is £0.099m (8.5%) and £0.050m (0.1%) for a secondary.
6. The largest surplus balance as a percentage of budget is 38.6% (was 45.0%) and the greatest deficit is 1.8% (was 4.3%). There are very limited circumstances where a surplus balance of 38.6% of annual income can be warranted.
7. Four primary schools were in deficit at the end of the 2015-16 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 £0.006m deficit rather than the £0.013m indicated. A separate agenda item requests a further loan advance to cover the deficit and the slight increase forecast in 2016-17.

Unrestricted

Similarly, for Birch Hill Primary the £0.007m deficit is proposed to be managed by a new loan advance, subject to approval of the Schools Forum.

For Binfield Primary School (£0.003m) and Winkfield St Mary's (£0.015m), a balanced budget plans have been received for 2016-17, including funding of the deficits, which are expected to be delivered.

In respect of Sandhurst Secondary School, the deficit amount of £0.201m is financed from an existing loan advance previously agreed by the Forum for which the school has confirmed it is on target to meet the repayment terms.

In respect of Easthampstead Park Community School, the deficit amount of £0.079m is also financed from an existing loan advance previously agreed by the Forum. In terms of meeting the repayment terms, a proposal is made on another report on the agenda to vary the original loan arrangement.

Brakenhale school converted to academy status from 1 April 2016, and therefore will no longer be included in BF calculation of school balances as they are no longer a maintained school. The £0.13m deficit at 31 March 2016 relates to the outstanding loan advance made in 2015-16. As part of the academy transfer process, and in accordance with DfE policy, a legally binding agreement is in place for full repayment to be made.

5.4 In considering these balances, it is clear that any analysis of average school performance is significantly distorted by the £0.912m surplus held by Harmanswater Primary School, which is equivalent to 26.8% 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.

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

1. Aggregate surplus balances have decreased by £0.537m, from £3.031m to £2.495m. This is a decrease of 17.3%.
2. There has been a net decrease in surplus balances in the primary and PRU sectors of £0.003m (-0.1%). Aggregate surpluses in the secondary and special sectors have decreased by £0.534m (-63.1%).
3. On average, at 3.8% of total budget, overall reserves are considered to be below the level required for working balances to cover unforeseen circumstances and therefore an increased risk exists of schools developing year end deficit balances.
4. The aggregate surplus balance of £2.495m comprises £2.943m from surpluses (was £3.168m) and £0.448m in deficits (was £0.136m). 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 £0.050m (0.1%) for a secondary.
6. The largest surplus balance as a percentage of budget is 28.3% (was 20.5%) and is more than twice the rate of the next largest surplus of 12.8%, with the greatest deficit at 1.8% (was 4.3%).

Unrestricted

- 5.6 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, rising costs and the pressure this brings in balancing budgets.
- 5.7 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. Another item on tonight's agenda recommends approving new loan advances of £0.075m, which when added to the £0.837m net outstanding on previously agreed loans makes a total balance to pay of £0.912m. This requires £2.280m of surplus balances, and whilst this is comfortably exceeded by the current £3.407m amount, granting new loans may become more difficult in the future, especially if the aggregate level of surplus balances continues to fall.

Significant surplus balances

- 5.8 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.
- 5.9 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 significant surpluses as to why more is not being spent on the educational needs of pupils in schools right now.
- 5.10 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 significant surplus balances above these threshold levels. If funds are not being held for a valid reason, then they are subject to claw-back. Furthermore, with effect from 2016-17 year end balances, an absolute cap as to what can be retained will be in place, even where it relates to a valid reason. The maximum thresholds will be 10% for secondary and 16% for primary and special schools or PRUs.

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

- 5.11 Including Harmanswater Primary, eleven schools were identified as holding a significant surplus, which is a decrease of four compared to the end of 2014-15. The aggregate level of significant surplus balances amounts to £1.167m, a decrease of £0.102m (8.0%). This is shown at Annex B.
- 5.12 Relevant schools have provided headteacher certified statements that confirm that these funds are being held for valid reasons, as set out in the scheme, with around 90% profiled for 2016-17 and 10% for later years.
- 5.13 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,

Unrestricted

approved, once formally signed off by governors, and complete where spend has now been incurred. A summary analysis shows that around 70% has been approved, with 30% uncommitted.

- 5.14 Based on these returns, the Forum is therefore recommended to agree that no claw-back should be applied to 2015-16 balances. A summary of intended use of the significant surpluses is as follows:
- £0.786m for capital buildings, construction and refurbishment
 - £0.195m for IT and other one-off expenditure of a capital nature
 - £0.266m for staffing remodelling and restructuring
 - £0.059m for other revenue expenditure

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.

- 5.15 The analysis of planned spend once again shows a strong emphasis on capital related schemes, with 75% considered capital related and 25% day to day costs which is the intended spend for what the money has been allocated for. There has been a noticeable shift from last year when 90% was planned to be invested in capital assets which again supports the view of increasing pressure on revenue budgets and the need to draw down more from reserves to supplement annual budget allocations.
- 5.16 Two schools currently retain balances that exceed the absolute cap that will be in place for next financial year; Harmanswater Primary School by £0.534m and St Joseph's Catholic Primary School by £0.075m. Both schools have developed detailed spending plans to invest the surplus balances, most of which relates to building works.

Capital Funding

- 5.17 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 £7,922 and for a secondary school £23,761.
- 5.18 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.
- 5.19 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 2016.

5.20 Some comments on the analysis are as follows:

1. Aggregate unspent balances have decreased by £0.085m, from £0.375m to £0.290m. 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. Owlsmoor Primary School had a year end deficit of £0.005m. This will be funded from the 2016-17 budget allocation.
4. 3 schools managed spend exactly to budget.
5. Six schools were in danger of having to return unspent grant at 31 August 2016, which aggregates to £0.018m. Relevant schools have been informed of this risk and all have indicated that they intend to fully spend the amounts by the deadline.

Conclusions

- 5.21 At 3.8%, the aggregate level of school revenue balances is considered to be below the level required to safely manage 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.
- 5.22 The difficult financial environment that schools are working in requires annual efficiencies or general reductions to be made each year to balance budgets. This has resulted in 4 years of reductions in school balances, a trend which is expected to continue, with resultant difficulties for more schools in managing their spending to available income.
- 5.23 Those schools with significant surplus balances have provided 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 although a delay to the original plan has been experienced as a result of a change in head teacher. St Joseph's have indicated a significant building programme is in place to spend all of the significant surplus balance and is due to commence on 25 July 2016.
- 5.24 In respect of capital grants, the majority of schools continue to secure total funding for a project from DFC before it commences. 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.
- 5.25 Overall, schools continue to show resilience to the difficult economic climate which indicates good cost control and financial planning although surplus balances continue to reduce and the value and number of loan requests have increased significantly over the last 2 years, which indicates challenging circumstances for more schools.

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

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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2015-16 True School Revenue Balances (net of loan advances) – All Schools

School	2015-16 Budget (excluding balance due on loan advances)	2015-16					Significant surplus
		Carry Forward	Percentage of total Budget	Change from 2014-15	Percentage of total Budget last year	Change in Percentage of total Budget	
Ascot Heath Infant	£746,667	-\$35,333	-4.73%	£7,123	-5.62%	0.89%	£0
Ascot Heath CE Junior	£865,747	-\$47,123	-5.44%	£45,293	-10.77%	5.33%	£0
Binfield CE Primary	£1,372,146	£3,400	0.25%	£2,595	0.06%	0.19%	£0
Birch Hill Primary	£1,475,771	£6,996	0.47%	£14,479	-0.52%	0.99%	£0
College Town Infant & Nursery	£911,222	-\$61,303	-6.73%	£10,999	-8.09%	1.36%	£0
College Town Junior	£938,125	-\$10,213	-1.09%	£5,745	-1.60%	0.51%	£0
Cranbourne Primary	£754,163	-\$17,299	-2.29%	£9,109	-3.55%	1.25%	£0
Crown Wood Primary	£1,799,102	-\$106,145	-5.90%	£15,862	-7.19%	1.29%	£0
Crowthorne CE Primary	£801,758	-\$33,916	-4.23%	-\$4,210	-3.75%	-0.48%	£0
Fox Hill Primary	£851,030	-\$101,605	-11.94%	£18,056	-13.97%	2.03%	-\$33,523
Great Hollands Primary School	£1,670,650	-\$18,748	-1.12%	£20,557	-2.41%	1.29%	£0
Harmanswater Primary	£2,366,354	-\$912,207	-38.55%	£142,947	-44.99%	6.44%	-\$722,899
Holly Spring Infant	£1,131,807	-\$144,797	-12.79%	-\$15,455	-11.49%	-1.30%	-\$54,252
Holly Spring Junior	£1,060,304	-\$100,129	-9.44%	-\$21,062	-8.27%	-1.17%	-\$15,305
Jennetts Park Primary School	£1,291,839	-\$57,032	-4.41%	£23,347	-6.84%	2.42%	£0
Meadow Vale Primary	£2,146,276	-\$239,794	-11.17%	-\$61,967	-8.69%	-2.48%	-\$68,092
New Scotland Hill Primary	£841,367	-\$54,453	-6.47%	-\$27,110	-3.31%	-3.16%	£0
Owlsmoor Primary	£1,823,175	-\$105,673	-5.80%	-\$3,453	-5.78%	-0.02%	£0
The Pines School	£996,105	-\$117,424	-11.79%	-\$7,076	-11.99%	0.20%	-\$37,736
Sandy Lane Primary	£2,204,516	-\$159,836	-7.25%	£26,823	-8.20%	0.95%	£0
St Joseph's Catholic Primary	£797,348	-\$225,507	-28.28%	-\$61,523	-20.49%	-7.79%	-\$161,719
St Margaret Clitherow Primary (1)	£327,107	£0	0.00%	£23,875	-3.06%	3.06%	£0
Winkfield St Mary's CE Primary	£796,982	£14,520	1.82%	£16,906	-0.31%	2.14%	£0
St Michaels Easthampstead	£871,859	-\$44,103	-5.06%	£27,717	-8.24%	3.18%	£0
St Michaels CE Primary, Sandhurst	£717,370	-\$3,159	-0.44%	£6,386	-1.31%	0.87%	£0
Uplands Primary	£872,440	-\$68,948	-7.90%	-\$15,001	-6.64%	-1.26%	£0
Warfield CE Primary	£851,226	-\$79,757	-9.37%	£2,342	-10.26%	0.89%	-\$11,659
Whitegrove Primary	£1,485,851	-\$124,456	-8.38%	-\$29,300	-6.46%	-1.91%	-\$5,588
Wildridings Primary	£1,530,960	-\$165,159	-10.79%	-\$15,401	-10.26%	-0.53%	-\$42,682
Wildmoor Heath Primary	£766,929	£13,150	1.71%	-\$19,097	4.31%	-2.59%	£0
Woodenhill Primary & Nursery	£1,344,492	-\$81,432	-6.06%	£6,721	-6.67%	0.61%	£0
College Hall PRU	£760,524	-\$134,358	-9.78%	-\$219	-9.74%	-0.04%	-\$13,516
The Brakenhale (2)	£4,751,509	£170,000	2.74%	£212,581	-1.60%	4.34%	£0
Easthampstead Park	£4,463,227	£78,801	1.77%	£198,582	-2.75%	4.51%	£0
Edgbarrow	£6,393,082	-\$295,103	-4.62%	-\$30,188	-4.18%	-0.44%	£0
The Garth Hill	£7,852,528	-\$363,300	-4.63%	£61,492	-5.85%	1.22%	£0
Sandhurst	£4,593,491	£200,930	4.37%	£108,016	2.07%	2.30%	£0
Kennel Lane	£3,668,741	-\$6,730	-0.18%	-\$16,901	0.29%	-0.48%	£0
Total	£68,893,790	-\$3,407,245	-4.95%	£679,590	-6.02%	1.08%	-\$1,166,970

Total with loan advances		<u><u>-\$3,988,455</u></u>	<u><u>-5.74%</u></u>
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Primary average	£1,174,538	-\$99,274	-8.45%
Secondary	£5,610,767	-\$49,734	-0.07%
Primary minimum	£327,107	-\$912,207	-38.55%
Primary maximum	£2,366,354	£14,520	1.82%
Secondary minimum	£4,463,227	-\$363,300	-4.63%
Secondary maximum	£7,852,528	£200,930	4.37%

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

(1) converted to academy status 30/8/15.

(2) converted to academy status 1/4/16.

Balance represents outstanding loan.

Summary profile of deficit and surplus school balances – All Schools

Sector	2014-15				2015-16				Change in carry forward	
	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	2014-2015 to 2015-2016 (+ increase / - decrease in surplus)	
Primary and PRU	£36,774,279	£3,309,851	£3,297,851	8.97%	£37,171,212	£3,158,843	£3,151,843	8.48%	-£146,008	-4.41%
Secondary and Special	£31,060,838	£846,204	£788,984	2.54%	£31,722,578	£829,612	£255,402	0.81%	-£533,582	-63.06%
Total including loan advances	£67,835,117	£4,156,055	£4,086,835	6.02%	£68,893,790	£3,988,455	£3,407,245	4.95%	-£679,590	-16.35%
Net Outstanding loans			£69,220				£581,210			
Loans as a % of balances			1.69%				17.06%			

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

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

2015-16

Primary and PRU	5	£14,520	27	-£912,207	7	9	11	11	-£1,166,970
Secondary and Special	3	£200,930	3	-£363,300	3	0	0	0	£0
Total	8	£447,797	30	-£3,855,042	10	9	11	11	-£1,166,970

Change 2014-2015 to 2015-2016

Primary and PRU	3	-£17,727	-3	£142,947	-2	2	-3	-3	£39,863
Secondary and Special	1	£108,016	-1	£61,492	0	-1	0	-1	£61,650
Total	4	£311,660	-4	£367,930	-2	1	-3	-4	£101,513

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.

Unrestricted

- 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

2015-16 True School Revenue Balances (net of loan advances)
EXCLUDING Harmanswater Primary School

School	2015-16 Budget (excluding balance due on loan advances)	2015-16					Significant surplus
		Carry Forward	Percentage of total Budget	Change from 2014-15	Percentage of total Budget last year	Change in Percentage of total Budget	
Ascot Heath Infant	£746,667	£-35,333	-4.73%	£7,123	-5.62%	0.89%	£0
Ascot Heath CE Junior	£865,747	£-47,123	-5.44%	£45,293	-10.77%	5.33%	£0
Binfield CE Primary	£1,372,146	£3,400	0.25%	£2,595	0.06%	0.19%	£0
Birch Hill Primary	£1,475,771	£6,996	0.47%	£14,479	-0.52%	0.99%	£0
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College Town Junior	£938,125	£-10,213	-1.09%	£5,745	-1.60%	0.51%	£0
Cranbourne Primary	£754,163	£-17,299	-2.29%	£9,109	-3.55%	1.25%	£0
Crown Wood Primary	£1,799,102	£-106,145	-5.90%	£15,862	-7.19%	1.29%	£0
Crowthorne CE Primary	£801,758	£-33,916	-4.23%	£-4,210	-3.75%	-0.48%	£0
Fox Hill Primary	£851,030	£-101,605	-11.94%	£18,056	-13.97%	2.03%	£-33,523
Great Hollands Primary School	£1,670,650	£-18,748	-1.12%	£20,557	-2.41%	1.29%	£0
Holly Spring Infant	£1,131,807	£-144,797	-12.79%	£-15,455	-11.49%	-1.30%	£-54,252
Holly Spring Junior	£1,060,304	£-100,129	-9.44%	£-21,062	-8.27%	-1.17%	£-15,305
Jennets Park Primary School	£1,291,839	£-57,032	-4.41%	£23,347	-6.84%	2.42%	£0
Meadow Vale Primary	£2,146,276	£-239,794	-11.17%	£-61,967	-8.69%	-2.48%	£-68,092
New Scotland Hill Primary	£841,367	£-54,453	-6.47%	£-27,110	-3.31%	-3.16%	£0
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The Pines School	£996,105	£-117,424	-11.79%	£-7,076	-11.99%	0.20%	£-37,736
Sandy Lane Primary	£2,204,516	£-159,836	-7.25%	£26,823	-8.20%	0.95%	£0
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Uplands Primary	£872,440	£-68,948	-7.90%	£-15,001	-6.64%	-1.26%	£0
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Wildridings Primary	£1,530,960	£-165,159	-10.79%	£-15,401	-10.26%	-0.53%	£-42,682
Wildmoor Heath Primary	£766,929	£13,150	1.71%	£-19,097	4.31%	-2.59%	£0
Woodenhill Primary & Nursery	£1,344,492	£-81,432	-6.06%	£6,721	-6.67%	0.61%	£0
College Hall PRU	£760,524	£-74,358	-9.78%	£-219	-9.74%	-0.04%	£-13,516
The Brakenhale (2)	£4,751,509	£130,000	2.74%	£212,581	-1.60%	4.34%	£0
Easthampstead Park	£4,463,227	£78,801	1.77%	£198,582	-2.75%	4.51%	£0
Edgbarrow	£6,393,082	£-295,103	-4.62%	£-30,188	-4.18%	-0.44%	£0
The Garth Hill	£7,852,528	£-363,300	-4.63%	£61,492	-5.85%	1.22%	£0
Sandhurst	£4,593,491	£200,930	4.37%	£108,016	2.07%	2.30%	£0
Kennel Lane	£3,668,741	£-6,730	-0.18%	£-16,901	0.29%	-0.48%	£0
Total	£66,527,436	£-2,495,038	-3.75%	£536,643	-4.63%	0.88%	£-444,072

Total with loan advances

£-3,076,248	-4.58%
-------------	--------

Primary average

£1,134,811

£-72,176

-6.36%

Secondary

£5,610,767

£-49,734

-0.07%

Primary minimum

£327,107

£-239,794

-28.28%

Primary maximum

£2,204,516

£14,520

1.82%

Secondary minimum

£4,463,227

£-363,300

-4.63%

Secondary maximum

£7,852,528

£200,930

4.37%

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

(1) converted to academy status 30/8/15.

(2) converted to academy status 1/4/16.

Balance represents outstanding loan.

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

Sector	2014-15				2015-16				Change in carry forward	
	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	2014-2015 to 2015-2016 (+ increase / - decrease in surplus)	
Primary and PRU	£34,428,915	£2,254,697	£2,242,697	6.51%	£34,804,858	£2,246,636	£2,239,636	6.43%	-£3,061	-0.14%
Secondary and Special	£31,060,838	£846,204	£788,984	2.54%	£31,722,578	£829,612	£255,402	0.81%	-£533,582	-63.06%
Total including loan advances	£65,489,753	£3,100,901	£3,031,681	4.63%	£66,527,436	£3,076,248	£2,495,038	3.75%	-£536,643	-17.31%
Net Outstanding loans			£69,220				£581,210			
Loans as a % of balances			2.28%				23.29%			

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

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

2015-16

Primary and PRU	5	£14,520	27	-£239,794	7	9	10	10	-£444,072
Secondary and Special	3	£200,930	3	-£363,300	3	0	0	0	£0
Total	8	£447,797	30	-£2,942,835	10	9	10	10	-£444,072

Change 2014-2015 to 2015-2016

Primary and PRU	3	-£17,727	-2	-£53,135	-2	2	-3	-3	-£104,763
Secondary and Special	1	£108,016	-1	£61,492	0	-1	0	-1	£61,650
Total	4	£311,660	-3	£224,983	-2	1	-3	-4	-£43,113

2015-16 School Capital Balances

School	2015/16 new year funding	Carry forward			Amount that must be spent by 31 Aug 2016
		Total Amount (-surplus / + deficit)	Percentage of new year funding	Change from 2014/15 (-increase / +decrease)	
Ascot Heath County Infant	£6,351	-£2,307	-36.32%	£2,817	£1,526
Ascot Heath CE Junior	£6,700	-£14,904	-222.45%	-£1,235	
Birch Hill Primary	£8,732	-£5,032	-57.63%	£4,792	
Wildmoor Heath Primary	£6,176	-£781	-12.65%	-£138	
College Town Infant and Nurser	£6,684	-£5,721	-85.59%	-£5,719	
College Town Junior	£7,206	£0	0.00%	£3,900	
Cranbourne Primary	£6,318	-£9,597	-151.90%	-£4,594	
Crown Wood Primary	£9,114	-£15,035	-164.97%	-£9,114	
Crowthorne CE Primary	£6,363	-£6,765	-106.32%	-£6,363	
Fox Hill Primary	£6,309	-£6,558	-103.95%	£2,287	
Great Hollands Primary	£8,496	-£8,725	-102.70%	-£8,496	
Harmanswater Primary	£11,565	-£4,074	-35.23%	£21,151	
Holly Spring Infant and Nursery	£7,436	-£14,450	-194.32%	-£7,436	
Holly Spring Junior	£6,756	-£14,084	-208.47%	£1,900	£774
Meadow Vale Primary	£10,199	-£27,901	-273.57%	-£7,568	£7,925
New Scotland Hill Primary	£6,471	-£2,914	-45.03%	£12,891	
Owlsmoor Primary	£14,703	£4,704	31.99%	£20,646	
Pines	£6,430	-£16,397	-255.01%	-£2,383	£3,863
Sandy Lane Primary	£11,477	-£25,464	-221.87%	-£6,377	£2,984
St Marys CE Primary (Winkfield)	£6,363	-£13,928	-218.89%	-£6,363	£1,236
Uplands Primary	£6,363	-£9,141	-143.66%	-£6,363	
Warfield CE Primary	£6,351	-£8,623	-135.77%	£2,924	
Whitegrove Primary	£9,051	-£13,040	-144.07%	£2,184	
Wildridings Primary	£8,442	£0	0.00%	£10,387	
Woodenhill Primary and Nursery	£7,984	-£8,310	-104.08%	£4,130	
Brakenhale	£21,156	£0	0.00%	£29,694	
Easthampstead Park	£18,259	-£15,670	-85.82%	-£15,571	
Edgbarrow	£28,829	-£4,854	-16.84%	£13,171	
Garth Hill	£29,937	-£11,553	-38.59%	£38,953	
Sandhurst	£20,622	-£8,994	-43.61%	-£6,673	
Kennel Lane	£10,143	-£16,664	-164.29%	£956	
College Hall PRU	£5,013	-£2,991	-59.66%	£6,877	
Total	£331,999	-£289,773	-87.28%	£85,267	£18,308

Primary average	£7,922	-£9,162
Secondary average	£23,761	-£8,214
Primary minimum	£6,176	-£27,901
Primary maximum	£14,703	£4,704
Secondary minimum	£18,259	-£15,670
Secondary maximum	£29,937	£0

(ITEM)

TO: SCHOOLS FORUM
DATE: 15 SEPTEMBER 2016

2015-16 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 2015-16 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 2015-16, subject to audit, shows net income of £0.463m which represents an under spending of £0.81m before allocation of reserves and balances (paragraph 5.6);
- 2.2 that after transfers to and from earmarked reserves, the Schools Budget under spent by £1.165m (paragraph 5.7);
- 2.3 the main reasons for budget variances (paragraph 5.8);
- 2.4 as at 31 March 2016, the aggregate surplus on balances and Earmarked Reserves within the Schools Budget amounts to £5.589m (paragraph 5.9);
- 2.5 the previously agreed transfers to and from Earmarked Reserves (paragraph 5.10);
- 2.6 the transfers to and from balances and Earmarked Reserves processed as part of the accounts closedown process (paragraph 5.11);
- 2.7 the £1.373m current balance on the Schools Budget General Reserve (paragraph 5.12);
- 2.8 to recognise the increasing difficult financial circumstances that schools are operating under, the decision of the Borough Treasurer to increase the minimum prudential level of balances by £0.15m to £0.66m (paragraph 5.15).

That the Schools Forum AGREES:

- 2.9 The new allocations proposed from the Schools Budget General Reserve (paragraph 5.16).

3 REASONS FOR RECOMMENDATIONS

- 3.1 The recommendations are intended to inform the Schools Forum of financial performance against budget in the 2015-16 financial year including the year end transfers to and from balances and Earmarked Reserves.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not appropriate.

5 SUPPORTING INFORMATION

2015-16 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 2015-16 with £91.947m 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 £82.179m, anticipated income of £4.644m to reflect sixth form and post 16 SEN grant income from the Education Funding Agency (EFA), £3.345m from the Pupil Premium grant, £1.487m from the Universal Infant Free School Meal grant and £0.292m from the Primary PE and Sports grant. In addition to grant funding, there is also a budget of £0.032m for other general income expected to be earned making total estimated funding of £91.979m. Spend proposals to this level were also agreed, resulting in a net nil budget.
- 5.2 Subsequent to this decision, anticipated DSG income has been updated to reflect updated grant notifications from the DfE, including reductions arising from academy schools where the amount due from the BF Funding Formula for Schools is recouped from the council to directly fund academy schools. The final adjustments were:
- £3.492m deduction for Ranelagh academy
 - £0.467m deduction for St Margaret Clitherow Primary academy (conversion from 1 September 2015)
 - £0.033m reduction to High Needs Block funding following changes to the number of places in specialist providers taken by BF students to be directly funded by the EFA and other related adjustments
 - £0.025m increase to Early Years Block funding in-line with actual head count data which updated the estimate used in the initial funding allocation.

The changes to DSG income are matched off by corresponding adjustments against the relevant expenditure budget, to result in a net nil overall effect. Therefore, the final budgeted amount of income was set at £88.012m.

- 5.3 As part of the budget setting process, the Forum also agreed that some expenditure should be funded through transfers from Earmarked Reserves and these were added in-year to the budget as follows:

Unrestricted

- The final £0.117m from the Job Evaluation reserve should be released to part fund the cost of implementing the BF Supplement, which is equivalent to the cost of the Living Wage;
- £0.209m should be released from the SEN Resource Unit Reserve to finance start-up costs at the new Rise @GHC autistic spectrum disorder (ASD) unit.

Subsequent to agreeing the initial £0.209m transfer, in October the Forum agreed a further £0.020m funding should be released from the SEN Resource Unit Reserve to reflect the actual costs which could be confirmed once September pupil admissions were agreed.

- 5.4 The net effect of the budget changes set out above is that the final net Schools Budget totalled £0.346m.
- 5.5 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 i.e. Element 3 top up funding, 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

- 5.6 The provisional final accounts for the Schools Budget, as summarised at Annex A, shows net budget of £0.346m, net income of £0.463m and a cumulative under spend of £0.81m (rounded). This comprises over spendings of £1.95m against approved budget allocations and under spendings of £2.76m. These figures remain subject to change, pending external audit, although no significant movement is anticipated.
- 5.7 Some expenditure in the Schools Budget is ultimately 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 5.9 to 5.13. Taking account of these financing adjustments, there was a net in-year under spending of £1.165m.
- 5.8 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 – £0.035m under spend.** The under spending relates to the SEN specific contingency where the approved qualifying criteria resulted in £0.065m being allocated to schools from the £0.1m budget.

Statutory Regulations require balances on school budgets to be earmarked to individual schools. As can be seen at Annex A, there was an aggregate £0.68m withdrawal from balances during the year.

A report on school balances is included as a separate Agenda item for this meeting.

Centrally Managed Budgets:

Schools Block:

- ii. **Pupil behaviour - £0.053m under spend.** The main savings arose from; £0.029m on staffing as a result of vacancies; £0.015m on premises costs following the move to the Bracknell Open Learning Centre; and £0.01m on general supplies and services.
- iii. **School staff absence and other items - £0.148m over spend.** The most significant elements of under spending relate to: a £0.093m saving on the School and Early Years specific contingencies as a result of less schools and providers meeting qualifying criteria, most notably in respect of allocations to support school compliance with infant class size regulations; £0.027m saving on premature retirement and dismissal costs and schools staff suspensions. In respect of over spendings, the main items are; £0.248m on school rates, which relates to making a provision into the School Expansion Rates Reserve for cost increases expected on outstanding back-dated charges from the new and expanded schools building programme; £0.011m in respect of external professional fees relating to an on-going Employment Tribunal case; and £0.026m on centralised copyright fees where the DfE has negotiated a discounted rate for all schools in England, the scope of which has again been extended with a consequential cost increase.
- iv. **Combined Service Budgets - £0.117m under spend.** These budgets support vulnerable school children and when combined with budgets for similar services that are funded by the Council can result in a greater overall impact and educational benefit. There was a £0.073m saving as a result of changing the services provided at the Child Development Centre under Service Level Agreement with Action for Children in order to improve frontline services and strengthen Bracknell Forest's Early Help offer. These savings mainly relate to reduced accommodation and overhead costs previously charged by Action for Children. A further saving of £0.02m arose as a result of being able to retain unspent looked after children pupil premium grant.
- v. **Support to schools in financial difficulty – £0.015m under spend.** The Forum received a report in March setting out use of this budget that confirmed the £0.015m under spending.

High Needs Block:

- vi. **SEN provisions and support services - £0.983m under spend.** This is the most significant area of budget variation and various reports have previously been provided to the Forum to explain the changing legislation, transfer of funding responsibilities to the Schools Budget and volatility on this high cost budget area. In terms of the outturn variances, an analysis of the external placements budget shows:
 - At 157.7, there were 9.2 less placements than anticipated in the budget. With an original estimated average cost of £0.038m, this results in a saving of £0.35m
 - At £0.034m the average cost of placement is £0.004m less than the original estimate. This results in a £0.692m under spending and has arisen from better commissioning, mainly in post-16 where costs have been reduced through challenging providers to demonstrate charges and holding better

information on students from that previously provided by the EFA at the point of responsibility transferring to LAs, as well as moving some students out of Independent Specialist Providers into more cost effect college placements.

- The budget was reduced in-year by £0.179m to reflect the transfer of funds to the Rise@GHC (£0.145m) where students are now placed rather than using out of borough schools and also a reduction in High Needs Block DSG (£0.034m) required a corresponding reduction in expenditure budgets.

In respect of Kennel Lane Special School, there was additional post 16 SEN grant income from the Education Funding Agency above budget of £0.093m resulting in a corresponding saving. In terms of placements, whilst these have remained fairly static, the profile of needs has changed whereby around 9 students with no element 3 top up funding have moved and been replaced by 5 students each with £0.012m top up and a further 4 students each with £0.025m top up. Overall, additional top up payments of £0.185m were made.

The final significant variance relates to a £0.067m under spending on staffing across the various support services and in general arose from vacancies.

- vii. **Education out of school - £0.011m under spend.** The most significant variances relate to: a £0.024m over spending on home tuition due to a higher number of pupils being supported than provided for in the budget; a £0.022m over spending on new costs now being charged in respect of education provision for young people subject to residential hospital placements, usually as a result of a Children and Adolescent Mental Health Service (CAMHS) referral that are allowed within DfE funding regulations; an over achievement in income of £0.026m as more pupils were subject to managed moves to College Hall PRU and £0.028m unbudgeted income from Windsor and Maidenhead Council in respect of out of borough pupils placed at College Hall.

Early Years Block:

- viii. **Early Years provisions and support services - £0.087m under spend.** The most significant variance results from a £0.055m under spending on the free entitlement to childcare for 2 year olds as take up was lower than anticipated. The other major variance relates to a £0.035m under spend on the new Early Years Pupil Premium grant as the DfE are allowing LAs to retain under spendings in the first year of this new grant as eligible numbers have been lower than anticipated.

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 2014-15 accounts included a provision for the adjustment due to be made in June 2015 and this was £0.017m higher than the actual amount, therefore generating a saving in 2015-16.

Year end balance:

- x. **Transfer from Earmarked Reserve - £1.165m under spend.** The unspent balance of net aggregate spending on budgets centrally managed in the Schools Budget. This amount is transferred to the Schools Budget General Reserve.

Unrestricted

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

- 5.9 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 2016 of £5.589m.

Table 1: Earmarked reserves related to the Schools Budget

Reserve	Balance B/Forward 1-Apr-15 (1) £ 000	Movement in year (2) £ 000	Initial Balance 31-Mar-16 (3) £ 000	Year end Transfers (4) £ 000	Final Balance 31-Mar-16 (5) £ 000
<u>School Balances:</u>					
Primary	-3,236	0	-3,236	151	-3,085
Secondary	-856	0	-856	33	-823
Special	10	0	10	-17	-7
Outstanding School loans	69	0	69	512	581
College Hall PRU	-74	0	-74	0	-74
(note c)	-4,087	0	-4,087	680	-3,408
<u>Earmarked Reserves</u>					
SEN Resource Units Reserve (notes a and d)	-490	229	-261	-55	-316
Schools Job Evaluation Reserve (note b)	-117	117	0	0	0
School Meals Re-tender Reserve	-40	0	-40	0	-40
School Expansion Rates Reserve (note e)	-196	0	-196	-248	-444
Grants unapplied (note f)	-14	0	-14	6	-8
	-857	346	-511	-297	-808
<u>Schools Budget General Reserve</u>					
Brought forward balance	-208	0	-208	0	-208
Transfer to rates reserve	0	0	0	248	248
2015-16 in-year under spend (note g)	0	0	0	-1,413	-1,413
	-208	0	-208	-1,165	-1,373
Total earmarked reserves	-5,152	346	-4,806	-782	-5,589

5.10 Column 2 from Table 1, movement in year, reconciles to the transfers previously agreed by the Forum and referenced to earlier at paragraph 5.3:

Note a: 15 January 2015: that £0.209m is drawn down from the SEN Resource Units Reserve to fund estimated start-up costs at the Rise@GHC ASD unit. Once actual pupil placements for September 2015 were agreed, in October, the Forum agreed a further £0.020m allocation was required to fund the actual costs.

Note b: 15 January 2015: that the remaining £0.117m is drawn down from the Job Evaluation Reserve to part fund the costs to mainstream schools and Kennel Lane Special School arising from implementation of the Bracknell Forest Supplement – the equivalent of the Living Wage - for non-teaching staff in schools.

5.11 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 £0.680m withdrawal from balances during the year as schools spent a part of their accumulated surpluses.

Note d: SEN Resource Unit reserve: The medium term funding model for Rise@GHC, as agreed by the Forum, requires annual contributions from the Schools Budget of £0.055m to cover anticipated costs until the Unit reaches an economic size.

Note e: School expansion rates reserve: a further £0.248m has been put aside in this reserve to cover the full estimated cost due on outstanding, back-dated rates re-valuations relating to new and recently expanded schools.

Note f: Grants Unapplied Reserve: The DfE paid LAs a grant to help manage the data collection required for the new Early Years Pupil Premium. £0.006m of this was spent in year and was financed from a drawn down from the Grants Unapplied Reserve.

Note g: Schools Budget General Reserve: the in-year under spending on centrally managed budgets of £1.165m.

5.12 Column 5 of Table 1 shows that the accumulated unused balance on the Schools Budget General Reserve totals £1.373m. Annex B provides a summary of the purpose and policy of each reserve together with recent levels of funds.

This funding can only be used to support expenditure in the Schools Budget and proposals for use of some of this amount are set out below in paragraph 5.16.

5.13 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 £0.028m of funding that needed to be converted to capital through a transfer from revenue. This is a

general funding adjustment, and is not therefore included within Schools Budget earmarked reserves at Table 1 above. Adding this £0.028m reduction in funding to the net £0.782m transfer to reserves in column 4 of Table 1 reconciles to the £0.81m net total transfer to reserves shown in Annex A.

Proposed use of Schools Budget General Reserve

- 5.14 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.
- 5.15 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. Each year this amount is reviewed, and recognising the increased difficulties schools are experiencing in balancing budgets, as evidenced in the increase both in drawing down of reserves and seeking loan advances and the new emerging risks around the DfE funding review and academy conversions indicates the need to increase the minimum level of reserves by £0.15m to £0.66m.
- 5.16 In order to better manage future known pressures, it is proposed to make further contributions to earmarked reserves from the general reserve as follows:
- £0.213m to cover the planned over allocation of funding that was agreed would be used by the Forum in setting the 2016-17 budget in January 2016
 - £0.1m as a contribution to start-up costs for the SEN Resource Unit planned for Binfield Learning Village which will experience the same diseconomies currently being felt at Rise@GHC
 - £0.3m as a contribution to start-up costs in mainstream schools which has previously been reported to the Schools Forum as a particular concern, taking account of the high number of new schools expected to open over the short to medium term

Taking account of these adjustments results in the balance on the Schools Budget General Reserve reducing from £1.373m to £0.76m, which is £0.1m above the minimum prudential level and provides flexibility to manage a degree of in-year cost pressures, should they arise.

Conclusion

- 5.17 Taking account of the proposals in this report, balances and Earmarked Reserves held in the Schools Budget are considered sufficient to meet future the immediate known cost pressures from local factors, although other pressures will arise from national factors, of which the actual cost, and availability of new resources to fund them is not know at this stage.

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 2016-17 budget, most notably relating to the on-going under spend on High Needs Budgets which will be available to finance the increased number of pupils expected to require additional support which would otherwise have created a new budget pressure.

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. This is mitigated by holding a minimum prudential level of reserves of £0.66m.

7 CONSULTATION

- 7.1 Not applicable.

Background Papers

None

Contact for further information

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2015-16 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			
Delegated and devolved funding										
Delegated School Budgets	68,164	0	68,164	68,810	-35	680	645	-680	-35	i
Other School Grants	5,124	-9,768	-4,644	-4,644	0	0	0	0	0	
	73,288	-9,768	63,520	64,166	-35	680	645	-680	-35	
LEA managed items										
Schools Block										
Pupil behaviour	320	-8	312	259	-55	2	-53	0	-53	ii
School staff absence and other items	883	-20	863	764	-399	299	-100	248	148	iii
Combined Service Budgets	688	-1	687	571	-137	20	-117	0	-117	iv
Support to schools in financial difficulty	75	0	75	60	-15	0	-15	0	-15	v
High Needs Block										
SEN provisions and support services	8,375	0	8,375	7,333	-1,313	275	-1,038	55	-983	vi
Education out of school	1,186	-3	1,183	1,172	-58	47	-11	0	-11	vii
Early Years Block										
Early Years provisions and support services	3,543	0	3,543	3,463	-701	620	-81	-6	-87	viii
	15,070	-32	15,038	13,622	-2,678	1,263	-1,415	297	-1,118	
Transfer school revenue funding to capital	0	0	0	-28	-28	0	-28	28	0	
Dedicated Schools Grant	0	-78,212	-78,212	-78,223	-19	7	-12	0	-12	ix
Under spend to be transferred to Earmarked Reserve								1,165	1,165	x
TOTAL - Schools Budget	88,358	-88,012	346	-463	-2,760	1,950	-810	810	0	
Net variance			-810							
Unallocated balance at 1 April 2015								-208		
Under spend to be transferred to Earmarked Reserve								-1,165		
Provisional unallocated balance at 1 April 2016								-1,373		
Amount above the prudential minimum balance of £0.51m								-863		

See paragraph 5.8 for an explanation to the notes to variances. Note roundings may result in totals not cross checking

Earmarked reserves relating to the Schools Budget

Reserve	Purpose	Policy	Value
School Balances	These funds are used to support future expenditure within the Schools Budget relating to individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LA has no practical control over the level of balances.	March 12 £4.627m March 13 £4.573m March 14 £4.438m March 15 £4.087m March 16 £3.408m
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 March 16 £0.316m
Job Evaluation	To set aside an earmarked reserve for the Job Evaluation exercise This reserve is now fully spent and therefore closed.	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 March 16 nil
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 March 16 £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 March 16 £0.445m
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 March 16 £0.008m

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 12 £0.398m March 13 £0.517m March 14 £0.691m March 15 £0.208m March 16 £1.373m

TO: SCHOOLS FORUM
DATE: 15 SEPTEMBER 2016

**2016-17 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 Forum on proposals for:
- i. financial support to schools, and
 - ii. amendments to funding policies, including the Scheme for Financing Schools.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

2.1 That in respect of previously agreed loans:

- i. **Wildmoor Heath Primary School is requesting a further advance to cover a medium term funding shortfall (paragraph 5.22);**
- ii. **Sandhurst Secondary School is on target to meet the original repayment terms (paragraph 5.23);**
- iii. **Easthampstead Park Secondary School is requesting an extension of one year to the repayment schedule (paragraph 5.24);**
- iv. **Garth Hill funded their planned expenditure from Devolved Formula Capitals so did not require the advance (paragraph 5.25);**
- v. **an agreement is in place with Brakenhale Secondary Academy School to fully repay the outstanding balance.**

2.2 Under the delegated powers awarded to the Director of Children, Young People and Learning, the one-off funding allocations agreed for schools in financial difficulties (paragraph 5.7).

That the Schools Forum AGREES:

2.3 The proposed changes to:

- i. **eligible expenditure that can be charged to the school contingency, as set out in Annex B;**
- ii. **the calculation of funding thresholds to be applied to in-year growth allowances for schools that have expanded by a whole form of entry (Annex E).**

That the MAINTAINED SCHOOL REPRESENTATIVES on the Schools Forum AGREE:

- 2.4 The proposed change to the loan conditions included in the Scheme for Financing Schools which is to be applied for all new loan agreements (paragraph 5.14).**
- 2.5 An allocation of £0.070m from the budget to support schools in financial difficulty to Easthampstead Park Secondary School to ensure sufficient funds are available to deliver the national curriculum (paragraph 5.8).**
- 2.6 The new loan requests / amendments to existing loan arrangements set out in the supporting information to cover medium term budget shortfalls, subject to receipt of request from the chair of governors and signed minutes from the relevant governor meeting confirming the loan schedule and compliance with conditions for:**
 - i. a new loan for Birch Hill Primary School (£0.03m);**
 - ii. a new loan for Great Hollands Primary School (£0.03m);**
 - iii. a revision to the existing loan for Wildmoor Heath Primary School (£0.015m).**
 - iv. a revision to the existing loan for Easthampstead Park Secondary School extending repayment by 1 year to March 2020).**

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 maintained 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. These options are not available to academy schools.**

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 £0.15m 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)
- 5.7 Taking account of proposals from the MIB and Standards Board meetings at relevant schools, funding allocations totalling £0.031m were agreed during the summer term as follows:
1. £3,500 to Winkfiled St Marys Primary School, in respect of additional SENCO support.

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2. £8,000 to Great Hollands Primary School as the Key Stage 2 results put the school at risk of being judged Inadequate at the next Ofsted inspection.
3. £4,500 to Crown Wood Primary School as the Key Stage 2 results and the two previous Requires Improvement Ofsted inspections put the school at risk of being judged Inadequate at the next Ofsted inspection.
4. £4,500 to Holly Spring Juniors following a Requires Improvement judgement (was good) and Key Stage 2 results are significantly below the national average.
5. £8,500 to Easthampstead Park Secondary School to facilitate participation in Challenge the Gaps project to support underachievement of Pupil Premium pupil, with a particular focus on maths.
6. £2,000 to Fox Hill Primary School where Key Stage 2 results in Reading and Grammar Punctuation and Spelling are significantly below the national average.

5.8 In addition to the above, one allocation above the thresholds delegated to the Director is proposed, and this relates to a £0.070m allocation to Easthampstead Park Secondary School. The school has previously received a loan of £0.45m to cover a short term over spending that would be repaid through future budget increases anticipated from a rise in pupil numbers. In reviewing the medium term budget plan it has become apparent the number of pupils on roll are increasing at a slower rate than originally expected which results in lower income than that anticipated when the original loan application was approved. A considerable amount of time has been taken to identify savings for the latest plan and these partly off-set the loss in income. However, the school has now reached the point where any further savings are not possible if the national curriculum is to be successfully delivered, with a deficit over a 4 year period of £0.070m remaining to be funded. The council considers that all reasonable savings measures have been taken and therefore proposes that to balance the medium term budget, that the Forum agrees a one-off allocation of £0.070m from the budget to support schools in financial difficulty.

Loan Arrangements

Background and summary

5.9 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.

5.10 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.

- 5.11 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.
- 5.12 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, with a realistic provision for future events, and that it is kept under review with the LA on at least an annual basis. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which will need to be agreed with the Director of Children, Young People and Learning and the Borough Treasurer and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.

Proposed change to school loan scheme

- 5.13 As part of the normal policy review process, and building on recent experiences, a change is proposed to the detailed loan conditions. This relates to the condition requiring governing bodies to fully repay any outstanding loan advance before they convert to an academy. In reality, it is unlikely that schools will be in a position to fully repay any outstanding loan balance at conversion and it is therefore proposed that repayments continue post conversion, on a manageable basis, to the schedule originally agreed by the governing body. This is in line with expectations contained within DfE guidance on academy conversions.
- 5.14 The proposed change is set out directly below. New text is in bold and shaded i.e. **bold and shaded**, deleted text is bold and struck through i.e. ~~**bold and struck through**~~.

Extract from the Outline features of the scheme – with proposed amendment.

- 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. that the liability to fully repay any outstanding balance in accordance with the agreed loan schedule will be incorporated into the transfer arrangements to become the obligation of the new Academy body.**

The full terms and conditions required for approval of a loan are set out in Annex A, including the change now being proposed.

- 5.15 Members of the Forum will be aware that the statutory power to update discretionary parts of Schemes rests with maintained school representatives on the Schools Forum, but changes can only be made after a consultation with all governing bodies and head teachers. To gather views from schools on this proposed change, a consultation was undertaken in May for which 18 schools responded (50% response rate) of which 16 supported the change (89%) and 2 did not.

- 5.16 Both of the schools that did not support the change presented identical, alternative wording to that proposed by the LA as follows:
- arrangement for a loan will only be agreed where the governing body agrees in writing that should the school convert to an academy the liability to fully repay any outstanding balance in accordance with the agreed loan schedule will be incorporated into the transfer arrangements to become the obligation of the new Academy body (in accordance with Section 8.1 of the DfE Guidance on Treatment of Surplus and Deficit Balances when Maintained Schools Become Academies, March 2015). The LA will also take account of the impact that loan repayments will have on creating a deficit budget (ref 6.1 DfE Guidance on Treatment of Surplus and Deficit Balances when Maintained Schools Become Academies, March 2015) and, where necessary, negotiate exceptional and varied arrangements to prevent schools converting with a deficit carried forward.
- 5.17 In terms of the suggested wording, the council will always look to support schools in financial difficulties including those converting to an academy, and indeed, this was the case with Brakenhale where taking account of the financial circumstances of the school, it was agreed that the outstanding loan could be repaid later and over a longer time frame than permitted in the original loan.
- 5.18 To reflect the comments received from schools to the consultation, the Forum is recommended to agree that the de-delegated school contingency can be used to fund a deficit school balance at a closing school, which academy conversions would be treated as. Relevant criteria is subject to approval of the DfE and would need to be carefully managed to ensure that only genuine cases of financial difficulty are considered. In order for the loan scheme to have credibility that debts must be repaid, the starting assumption must be that schools with loans can meet the repayments as they agreed a medium term budget plan that was considered viable by governors, and as set out above, this is also the position of the DfE.
- Annex B provides background to the matter and a proposed wording which the Forum is recommended to agree.
- 5.19 Therefore, based on the 89% of respondents agreeing the proposed revision to the loan scheme, the Forum is recommended to approve the change. In accordance with the Schools Forum Regulations, only representatives of Maintained Schools can vote on this recommendation.
- 5.20 The consultation made clear that schools requesting new loans from financial year 2016-17 should anticipate the proposed revision being in place at the time the Schools Forum considers loan applications.

Update on existing loans

- 5.21 There are 5 loans previously approved by the Schools Forum:

Wildmoor Heath Primary School

- 5.22 Wildmoor Heath Primary School identified a small shortfall between income and planned spend for 2013-14 of £0.015m 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. As at 1 April 2016, a balance of £0.007m remained. In reviewing

the budget position, and also taking account of the £0.006m over spent balance at the end of 2015-16, the governors are requesting a further advance to £0.015m.

Sandhurst Secondary School

- 5.23 Sandhurst Secondary School received a loan of £0.075m 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. Furthermore, in 2015-16, the Schools Forum agreed a second advance of £0.240m to cover a short term over spending that would be repaid through future budget increases anticipated from a rise in pupil numbers. As part of the annual review process, the school has confirmed that the loan is on schedule for repayment in accordance with the agreed repayment schedule. This includes recovery of the £0.007m over spend at the end of 2015-16.

Easthampstead Park Secondary School

- 5.24 Easthampstead Park Secondary School received a loan of £0.45m to cover a short term over spending that would be repaid by March 2019 through future budget increases anticipated from a rise in pupil numbers. As set out above, whilst increases in pupil numbers are lower than anticipated when the loan was agreed, but the expectation remains that numbers will significantly increase over the medium term. The revised medium term budget plan, incorporating the proposed £0.070m one-off allocation from the budget to support schools in financial difficulty proposed at paragraph 5.8, can be balanced, provided a further year is added to the repayment period, which the Forum is recommended to agree.

Garth Hill Secondary School

- 5.25 Garth Hill College 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. The scheme related to the installation of Photovoltaic solar panels on roof space which will reduce the amount of purchased electricity. In reviewing their financial position, the school was able to finance this purchase from accumulated Devolved Formula Capital and therefore did not require the originally approved £0.07m loan advance.

Brakenhale Secondary School

- 5.26 Brakenhale Secondary School received a loan of £0.19m to cover a short term over spending that would be repaid through future budget increases anticipated from a rise in pupil numbers of which £0.13m was advanced in 2015-16. The school converted to an academy at 31 March 2016 and through the normal balance transfer process that is required at conversion, the liability to repay the outstanding balance of £0.13m was included in the Commercial transfer Agreement (CTA). The CTA is the legally binding agreement that sets out the transfer of assets and liabilities when a school becomes an academy. As part of the transfer discussions, in order to help the school better manage its finances, the council agreed an extension to the repayment of the £0.13m loan so that it commences at September 2018 and ends at August 2021.

New loans proposed for 2016-17

- 5.27 In considering 2016-17 requirements, 3 new loans are proposed for primary schools, all of which relate to covering medium term budget difficulties that can be financed

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from anticipated future increases in pupil numbers. All applications have been made on the assumption that the change to the loan scheme set out above is agreed.

- 5.28 In accordance with the loan application process, the LA has undertaken detailed financial reviews with relevant schools to confirm the financial viability of requests. Discussions have been undertaken with Birch Hill (for a £0.03m advance), Great Hollands (£0.03m) and Wildmoor Heath (£0.015m) Primary Schools, all of which have reached the stage where based on current information, and making a realistic assessment for future costs, the requested aggregate loan advances of £0.075m are recommended for approval, subject to receipt of request signed by the chair of governors and a copy of signed governor minutes confirming the loan schedule and compliance with the loan scheme conditions.
- 5.29 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 in these schools. However, they have all 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.

Summary of loans

- 5.30 Table 1 below provides a summary of aggregate outstanding loan arrangements. Annex B provides a more detailed breakdown of the current and proposed loans by individual school.

Table 1: Summary Schedule of School Loan Requests

Item	Previously Agreed	2016-17 New Proposals	2017-18	2018-19	2019-20	Future Years	Total
	£	£	£	£	£	£	£
Total advances	630,000	350,000	255,000	0	0	0	1,235,000
Total repayments	-48,790	-273,810	-89,400	-258,277	-503,332	-61,391	-1,235,000
Total outstanding	581,210	76,190	823,000	564,723	61,391	0	0
	657,400						

- 5.31 Table 1 above confirms the significant value of outstanding loan advances and Annex B identifies the concentration towards secondary schools. At £0.657m, this represents 19% of the aggregate surplus balances held by schools which are used to finance advances, rising to £0.823m next year (24%). This shows that the current financial environment is having an effect on schools and will need to be monitored carefully to ensure schools can meet their financial obligations arising from the loans.
- 5.32 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.

Proposed update to criteria used to allocated in-year growth allowances to schools that expand by a whole form of entry

- 5.33 The Schools Forum has previously agreed criteria for the allocation of additional funds to schools that experience significant in-year growth in pupil numbers above those included in the additional budget allocation. In summary, where the total statutory number on roll increases in-year above the prescribed level for the size of school in terms of number of forms of entry, funding equivalent to the cost of a teacher from September to March is added to relevant school budgets to fund the school the direct costs of opening a new class.
- 5.34 In reviewing how this works, a change is proposed for those schools that expand by a whole form of entry. As the current calculation is based on the form of entry at admission, it assumes those schools expanded by a whole form of entry are immediately admitting to all year groups at the increased capacity, when in reality, the increased capacity starts in the entry year, and takes 7 years (5 for a secondary school) to work through the school until admission to full capacity is possible. In order to make a fair calculation of the threshold to be used to calculate in-year growth allowances in these circumstances, an amendment to the policy is proposed so that the threshold to be used to calculate a growth allowance is calculated on the number of classes available. This ensures that the funding threshold rises gradually in line with increases in pupil numbers, rather than straight to the maximum value.
- 5.35 For example, a primary school moving from a 2 form to 3 form entry school has 3 classes in reception in the first year after expansion, and 2 classes in other year groups. The funding threshold for a 2 form entry school is 20 with 25 used for 3 form entry schools. In the first year following expansion, eligibility to growth allocations would be calculated on reception classes at the 25 number threshold, with all other classes at a threshold of 20. For the second year, Reception and Year 1 would be calculated on a 25 threshold, all other year groups on 20 and so on. Annex C provides a full illustration of the calculation which shows how the funding threshold rises gradually. The Forum is recommended to agree this amendment is added to the funding policy, which is updated to that shown at Annex E.

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

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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Doc. Ref

Doc. Ref:G:\Executive\Schools Forum\78) 150916\2016-17 Support to schools in financial difficulties etc.docx

Extract from the Scheme for Financing Schools, incorporating the revision now being proposed

New text is in bold and shaded i.e. **bold and shaded**, deleted text is bold and struck through i.e. ~~**bold and struck through**~~

4.9 Loan arrangements

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Education, 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.**~~ **that the liability to fully repay any outstanding balance in accordance with the agreed loan schedule will be incorporated into the transfer arrangements to become the obligation of the new Academy body.**

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

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

OR

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

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

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

OR

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

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

Outline controls on loans

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

Clarification of eligible expenditure against the schools contingency

Background

The School and Early Years Finance (England) Regulations define “expenditure on the schools’ specific contingency” as:

“Central expenditure deducted for the purpose of ensuring that monies are available to enable increases in a school’s budget share after it has been allocated, where it subsequently becomes apparent that a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share, which may include expenditure in relation to:

- schools in financial difficulty;
- the writing-off of deficits of schools which are discontinued, excluding any associated costs and overheads;
- new, amalgamating or closing schools;
- other expenditure where the circumstances were unforeseen when initially determining the school’s budget share.”

In order to be provide greater clarity, and to be able to fund all of the circumstances permitted by the DfE, which takes account of comments received from schools to the consultation on the school loan scheme, the following text is proposed to be approved.

Eligible expenditure from the BF schools’ contingency fund (de-delegated)

- Unexpected and unavoidable costs in schools, which it would be unreasonable to expect governing bodies to meet from their delegated budget, and where the amount required and the circumstances giving rise to the additional costs were unknown at the time of setting the budget. These would ordinarily need to exceed £5,000.
- Correction of formula errors
- Where a school is closing and a deficit is likely, every effort should be taken to achieve break-even. Where a school is becoming an academy, they should also ensure costs are only incurred that relate to the school, and for the period it is a maintained school. However where a school closes with a deficit, where the EFA does not reimburse for this, the cost must be picked up by the Dedicated School Grant (DSG).
- Funding for schools in financial difficulties where this is not the result of poor local management decisions. [Note a policy to consider funding allocations under this item is already in place, as set out in paragraphs 5.2 to 5.6 of the main body of the report].

Summary school loan agreements

School	Loan No.	Previously Agreed	2016-17 New Proposals	2017-18	2018-19	2019-20	Future Years	Total
		£	£	£	£	£	£	£
Advances in year								
Birch Hill	1	0	30,000	0	0	0	0	30,000
Wildmoor Heath	1	15,000	0	0	0	0	0	15,000
Wildmoor Heath	2	0	15,000	0	0	0	0	15,000
Great Hollands	1	0	25,000	5,000	0	0	0	30,000
Brakenhale	1	130,000	0	0	0	0	0	130,000
Easthampstead Park	1	250,000	0	0	0	0	0	250,000
Easthampstead Park	2	0	200,000	250,000	0	0	0	450,000
Sandhurst	1	75,000	0	0	0	0	0	75,000
Sandhurst	2	160,000	80,000	0	0	0	0	240,000
Total		630,000	350,000	255,000	0	0	0	1,235,000
Repayments in year								
Birch Hill	1	0	0	-15,000	-15,000	0	0	-30,000
Wildmoor Heath	1	-8,000	-7,000	0	0	0	0	-15,000
Wildmoor Heath	2	0	0	-7,000	-8,000	0	0	-15,000
Great Hollands	1	0	0	0	-30,000	0	0	-30,000
Brakenhale	1	0	0	0	-25,277	-43,332	-61,391	-130,000
Easthampstead Park	1	0	-250,000	0	0	0	0	-250,000
Easthampstead Park	2	0	0	0	-40,000	-410,000	0	-450,000
Sandhurst	1	-40,790	-16,810	-17,400	0	0	0	-75,000
Sandhurst	2	0	0	-50,000	-140,000	-50,000	0	-240,000
Total		-48,790	-273,810	-89,400	-258,277	-503,332	-61,391	-1,235,000
Closing balance outstanding								
Birch Hill	1	0	30,000	15,000	0	0	0	0
Wildmoor Heath	1	7,000	-7,000	0	0	0	0	0
Wildmoor Heath	2	0	15,000	8,000	0	0	0	0
Great Hollands	1	0	25,000	30,000	0	0	0	0
Brakenhale	1	130,000	0	130,000	104,723	61,391	0	0
Easthampstead Park	1	250,000	-250,000	0	0	0	0	0
Easthampstead Park	2	0	200,000	450,000	410,000	0	0	0
Sandhurst	1	34,210	-16,810	0	0	0	0	0
Sandhurst	2	160,000	80,000	190,000	50,000	0	0	0
Total		581,210	76,190	823,000	564,723	61,391	0	0
		657,400						

Thresholds for allocating in-year growth allowances for schools expanding by a full form of entry

Illustration of funding thresholds to be used where school expands from 2 FE to 3 FE

Growth Thresholds (2015-16):

Less than 2 FE schoo	10	1.43	} Increase required per Year Group i.e.divide by 7
2 FE schools	20	2.86	
3 FE and over	25	3.57	

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	
2 Forms of Entry	Planned Admission Numbers increasing from 2 to 3 Forms of Entry							
Year R	2.86	3.57	3.57	3.57	3.57	3.57	3.57	
Year 1	2.86	2.86	3.57	3.57	3.57	3.57	3.57	
Year 2	2.86	2.86	2.86	3.57	3.57	3.57	3.57	
Year 3	2.86	2.86	2.86	2.86	3.57	3.57	3.57	
Year 4	2.86	2.86	2.86	2.86	2.86	3.57	3.57	
Year 5	2.86	2.86	2.86	2.86	2.86	2.86	3.57	
Year 6	2.86	2.86	2.86	2.86	2.86	2.86	2.86	
Total threshold when moving from 2 to 3 FE	20.00	20.71	21.43	22.14	22.86	23.57	24.29	25.00

Criteria for in-year budget allocations to schools experiencing significant growth in pupil numbers

New text is in bold and shaded i.e. **bold and shaded**, deleted text is bold and struck through i.e. ~~bold and struck through~~

This element of the Growth Fund is ring fenced so that it is only used for the purpose of supporting growth in pre-16 pupil numbers to meet basic need. The fund will be for the benefit of both maintained and Academy schools. For Academy Schools, the funding is for an academic year.

The Growth Fund shall include funding for an allocation to those schools that experience exceptional increases in pupil numbers between the October census used for funding original budgets and actual pupil numbers on roll on the following October census

To assist schools in meeting the additional costs arising in such circumstances, an in-year budget addition will be made where the whole school number on roll from Reception up to Year 11 increases up to the point that significant additional costs are expected to be incurred.

The relevant thresholds for additional funding are:

- less than 2 FE schools = 10
- 2 FE schools = 20
- 3 FE and above schools = 25

With the exception of less than 2 FE schools, the amount of additional funding is calculated from the cost of appointing a teacher on Mainscale Point 6 – salary and employer on-costs - for the period September to March.

Less than 2 FE schools will be funded at half the value of other schools sizes, to reflect the lower additional costs expected to be incurred i.e. it is not expected that such schools would ever need to open a new class and recruit a new teacher.

There ~~is one further~~ **are 2** exceptions **s** to this general rule.

1. This relates to schools that agree with the LA to open a 'surge' class – i.e. one additional class to accommodate up to 30 additional pupils – where additional funding will be allocated irrespective of the actual number of pupils admitted, if the pupils in the 'surge' class are admitted after the census used for funding purposes. The funding allocation will be calculated in the same way as for general in-year growth, applied from the beginning of the term that the 'surge' class is open, [i.e. rather than against the number of months the 'surge' class is open].

Where a 'surge' class opens after the census point used for calculating the school's budget for the next financial year, a further funding top up will be made to cover the full year cost of a teacher on Mainscale Point 6 and a Learning Support Assistant on Bracknell Forest pay point 12 for the relevant financial year. This funding will be made available for one year only at the commencement of the relevant financial year.

2. **This relates to those schools that expand by a whole form of entry. As the current calculation is based on the form of entry at admission, it assumes**

those schools expanded by a whole form of entry are immediately admitting to all year groups at the increased capacity, when in reality, the increased capacity starts in the entry year, and takes 7 years (5 for a secondary school) to work through the school until admission to full capacity is possible. In order to make a fair calculation of the threshold to be used to calculate in-year growth allowances in these circumstances, the threshold to be used to calculate a growth allowance is calculated on the number of classes available.

For example, a primary school moving from a 2 form to 3 form entry school has 3 classes in reception in the first year after expansion, and 2 classes in other year groups. The funding threshold for a 2 form entry school is 20 with 25 used for 3 form entry schools. In the first year following expansion, eligibility to growth allocations would be calculated on reception classes at the 25 number threshold, with all other classes at a threshold of 20. For the second year, Reception and Year 1 would be calculated on a 25 threshold, all other year groups on 20 and so on. A full illustration of the calculation is set out below [i.e. Annex D in this report] and shows how the funding threshold rises gradually, in line with the phased increase in pupil numbers, starting at 21, and rising to 25 after 7 years.

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

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TO: SCHOOLS FORUM
DATE: 15 SEPTEMBER 2016

UPDATE ON SCHOOL AND EDUCATION FUNDING
Director of Children, Young People and Learning

1 PURPOSE OF REPORT

- 1.1 To update on the potential implications to the council and schools from consultations issued by the Department for Education (DfE) relating to proposed changes to education and school funding. This provides a more detailed response to the verbal update presented to the last meeting of the Forum on 10 March.

2 EXECUTIVE SUMMARY

- 2.1 Significant changes are proposed by the DfE to the way schools and education in general are funded and there will be a greatly reduced future role for LAs. The Education Funding Agency (EFA), the executive agency of the DfE, intends to put in place a Schools National Funding Formula (SNFF) to directly fund all schools with no involvement of LAs. The main financial responsibility remaining with LAs will relate to the high risk Special Educational Needs budgets and those relating to Early Years.
- 2.2 From 2017-18, there will be a significant reduction in grant funding from the DfE to councils to provide education related services. This, together with other pressures from the proposals will require a review of what services should continue to be provided and at what level. This is likely to cut across some of the existing Transformation Projects where elements of these services are already subject to review. The initial provisional financial assessment is a potential aggregate pressure of £2.161m, with the possibility to make savings of £0.665m, resulting in an overall net pressure of £1.496m.
- 2.3 In addition, there has been increased debate about whether all schools should be forced to become academies which has stimulated interest and may accelerate the number of conversions. The Council and schools therefore need to consider the best approach to be taken with academy conversions.
- 2.4 A new Transformation project has been included for CYPL on the proposed education changes for which there is representation from 1 secondary and 3 primary head teachers.

3 RECOMMENDATIONS

To NOTE:

- 3.1 the changed role for LAs in supporting schools, the potential for significant financial implications that could arise, and the requirement to review services that support schools and education related services in order for them to be operating on an affordable cost base.**

- 3.2 the changes likely to impact on schools, including the introduction of a Schools National Funding Formula, the additional £500m expected to be added to the SNFF to ensure those schools gaining from the changes receive an early benefit, the new role of LAs in supporting schools and the expectation of enhanced hourly funding rate payments to be paid to early years providers.**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To provide an update on anticipated changes to school and education funding, including an outline of the potential financial and other implications that need to be managed.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

- 6.1 On 7 March, the DfE issued 2 substantial consultations on school and education related funding in respect of introducing a Schools National Funding Formula (NFF) and changing how funding is allocated to LAs for High Needs Pupils i.e. those in general with support needs in excess of £10,000. A verbal update on the consultations was presented to the Forum at its last meeting on 10 March. This therefore represents a more detailed update.
- 6.2 These consultations represent the first of a 2 stage process, with stage 1 setting out the case for change, the principles to be adopted and outline changes being proposed, with stage 2, later in 2016 making firm proposals which are expected to include details of anticipated financial implications. Therefore, the full financial implications are not yet apparent and won't be for some time, but it is clear that the council faces a significant reduction in funding and the removal of current responsibilities with a knock on effect expected on the services to be provided to schools.
- 6.3 The deadline for responses to stage 1 of the 2 main consultations was set for 17 April. To date, the DfE has yet to publish its stage 2 firm proposals although operational guidance for setting 2017-18 budgets has been issued to LAs by the DfE, and these are summarised below from paragraph 6.15.
- 6.4 The initial consultation documents also highlighted that 4 further consultations will follow relating to Early Years, School Improvement, Alternative Provision (i.e. Pupil Referral Units and home tuition), and post 16 SEN funding. Therefore, it is an emerging picture with further changes to follow. More information on the recently launched DfE Early Years funding consultation is set out below from paragraph 6.26.
- 6.5 Alongside the ongoing funding consultations, the DfE also published in March 2016 the White Paper - Educational Excellence Everywhere, and this unusually was headlined in the Chancellor's Budget Speech. The White Paper promotes academisation and there are options to consider with regard to future delivery models

for the LA which will be explored with schools and through the work of a new Transformation Project.

6.6 Moving forward, the DfE have set out the future role of LAs in education being centred around 3 main areas:

1. Securing that sufficient school places are available, ensuring fair access through admissions and working with schools to develop local transport policies, and taking a lead in crisis management and emergency planning
2. Ensuring the needs of vulnerable pupils are met: identifying, assessing and making provision for all children with SEN and disabilities; promoting attendance; and making sure that alternative provision is available for children and young people excluded from school or otherwise unable to attend a mainstream school; leading on safeguarding for those pupils in unregulated settings, educated at home, tracking children missing education as well as those at risk of extremism; working with schools to ensure they understand and discharge their safeguarding duties; acting as a corporate parent for looked-after children and those adopted from care
3. Acting as champions for all parents and families: listening and promoting the needs of parents children and the local community; supporting parents in navigating the system and ensuring children do not fall through the gaps; supporting children, young people and parents to navigate local SEND arrangements (such as providing information, advice and support); and championing high standards locally.

6.7 A number of education related services are currently funded from general council funds, such as school transport, the SEN statementing process, Education Psychology and planning for the supply of sufficient school places. These are outside the scope of the consultations and have current budget allocations of around £3.5m.

Overview of the proposed Schools National Funding Formula (NFF)

6.8 Annex A sets out a full briefing on the Stage 1 proposals with the key points to note:

1. That the NFF will include 4 elements; a core per pupil amount payable equally to all schools; an additional needs top-up, likely to be linked to FSM eligibility and low family income, low prior attainment and English as an additional language; fixed school costs, such as rates; and an uplift for high cost areas.
2. BF schools are most likely to gain from the changes if the core per pupil and area cost elements have a high weighting. A high weighting to additional needs is likely to result in a funding reduction for BF schools. The relative weighting will be set out in stage 2 of the process.
3. EFA will directly allocate budgets to schools at which point LAs will no longer have a role in setting school budgets and allocating funds. LAs will continue to calculate and distribute funding to schools through their existing local funding formulas in the short term, but their total allocation for schools will be based on the NFF calculation of the overall LA Schools Budget, so will be different to the current amount. At this stage it is unclear at what point funding allocations to LAs will be based on the SNFF.
4. A minimum funding guarantee will limit budget losses at individual schools, to be financed from new money (see paragraph 6.13) and a cap on schools that gain.

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5. LAs will not be allowed to retain any schools block funding, including “de-delegated” budgets meaning more trading with schools or closure of services. BF currently manages around £2.4m of budgets on behalf of schools.
6. DfE are reducing LA involvement in education – including school improvement - and further cutting the funding source – the Education Services Grant - by £600m, which is expected to cost the Council around £1.24m when fully implemented.
7. Subject to Schools Forum approval, DfE will allow LAs to retain some budget from maintained schools to fund central services. This would be a new pressure on school budgets but unlikely to be sufficient to cover current costs.

6.9 The Council will need to:

1. Review the requirement for services currently supporting schools, including those delivering traded services through SLAs, and those fulfilling statutory duties as these will need to be self funding.
2. Consider the approach to be taken to academies as the reforms are likely to stimulate interest and also the number of conversions.
3. Be prepared for reduced levels of buy-back as schools become academies.
4. Prepare for the outcomes from stage 2 of the consultation when the full financial implications will be clearer.

6.10 Schools will need to:

1. Be prepared for the Schools NFF. This could result in further pressure on school budgets or increased funding and will become more apparent once stage 2 of the consultation is published.
2. The option of “de-delegation” will cease. Schools will need to decide whether they would buy-back the services if offered by the Council, or how they would be provided in-house, if required. There will no longer be a budget to support schools in financial difficulty unless schools contribute to a central fund.
3. DfE recognise that moving to a formulaic national funding approach for school costs will be problematic, especially for the growth fund where costs will be linked to current and future demographics / building programmes. This will be a significant issue for BF if there are insufficient funds to support the new schools that are expected to be built.
4. Consider in a measured way the changes ahead and their future direction as a maintained or academy school.

Overview of proposed changes to High Needs Funding

6.11 Annex B sets out a full briefing on the proposals with the key points to note:

1. This will be the main area of financial responsibility for LAs in respect of schools and education with a recognition from the DfE that an area wide strategic role is required for effective and efficient delivery of support to high needs pupils. For BFC, grant funding in 2016-17 is £11.7m with planned spend of £13.8m, which is financed by transferring £2.1m grant from the Schools Block.

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2. Total funding allocated for high needs pupils will be re-based to current levels of spend, not grant receipts. In future, LAs will need to manage high needs spend to the grant allocation as the existing ability to use School Block and Early Years Block grant allocations will be removed. This process will make the £2.1m funding transfer from schools to high needs permanent, within the national control totals for each funding block.
3. Funding allocations to LAs will move from historic spending levels to a formulaic approach using 5 nationally available proxy measures for needs; a basic £4,000 per pupil in a specialist institution, such as Kennel Lane Special School; low prior attainment from national tests at the end of primary education and GCSEs; health and disability data; deprivation at individual pupil eligibility to free school meals and the area deprivation level from where they live; and an amount per pupil aged 2 to 18.
4. In addition there will be an uplift for high cost areas and 2 layers of transitional protection for at least 5 years to limit losses at LA level. The length of transition period recognises that much of the spend is tied up in education fees for children that will remain in their existing provision for a number of years to come.
5. Some LAs will experience a reduction in funding and will need to examine ways of reducing costs, although this will not be known until later in 2016 when more information is provided in respect of weightings to be applied to the formula factors and the actual source data numbers.
6. The DfE will financially support LAs in the development of appropriate, cost effective SEN provisions through £200m of capital funding for invest to save type schemes and will confirm how this can be accessed later in 2016. However, there is no indication of extra revenue funding to support the transition from existing to new provisions and start-up costs, such as those being experienced at the Rise@GHC autistic spectrum disorder unit.
7. There are limited direct implications to schools from these changes.

6.12 The Council will need to:

1. Continue the successful management down of costs as evidenced in the £0.9m under spending achieved on high needs budgets in the 2015-16 financial year.
2. Proceed with the planned review of services funded through the High Needs Block to ensure that cost effect and appropriate services are being commissioned.
3. Prepare for the outcomes from stage 2 of the consultation when the financial implications will be clearer.

This is a more technical consultation compared to the NFF, with minimal impact on current responsibilities.

Budget announcement

- 6.13 In the 2016 budget, the Chancellor announced the government will provide around £500 million of additional core funding to schools over the course of this Spending Review, on top of the commitment to maintain per pupil funding in cash terms. The intention being that those schools gaining from the reforms should experience the benefit as soon as possible, rather than needing to use gains to fund the protection required for those schools that will lose money.

Summary provisional financial implications

6.14 As set out above, at this stage it is not possible to accurately quantify the financial effects arising from the changes. However, Table 1 below sets out the potential issues identified at this stage with a provisional financial impact and anticipated timing. Clearly, these are all subject to change as more information emerges from stage 2 of the consultation so should be viewed with caution.

Table 1: Potential financial issues arising from DfE school and education funding reform

Item	2017-18 £000	2018-19 £000	2019-20 £000	Cumulative £000
<u>Anticipated loss of grant:</u>				
Loss of ESG	1,242	255	0	1,497
Less: Statutory duties ESG transferred to DSG central school block	-260	0	0	-260
Net loss of grant	982	255	0	1,237
<u>Potential cost pressures:</u>				
Loss of Schools Block Funding:				
- Family Intervention Project	0	0	100	100
- Looked After Children Education	0	0	134	134
- Looked After Children Transport	0	0	43	43
- Common Assessment Framework Co-ordinator	0	0	42	42
- Others	0	0	126	126
Underfunding of new Central Schools Block (assumes grant is 50% of actual costs)				
- School Admissions	88	0	0	88
- Servicing of Schools Forum	11	0	0	11
- Boarding Placements of Vulnerable Children	38	0	0	38
Loss of recharges on 'de-delegated' budgets				
- Schools in Financial Difficulty	0	0	60	60
- Official Staff Absence	0	0	10	10
- Free School Meals Eligibility Checking	0	0	10	10
- Behaviour Support Team	0	0	15	15
Pressure from school PRC/Dismissal costs	0	0	40	40
Loss of contribution to overheads from reduced trading with schools following academisation (75% of current level in 2017-18, then 50%, then 25%)				
- CYPL	45	45	45	135
- Corporate Services	24	24	24	72
Total potential cost increases	206	69	649	924
Total potential pressure	1,188	324	649	2,161
<u>Potential cost reductions:</u>				
(NB these could overlap with Transformation Projects)				
School Improvement (Service at 75% of current level in 2017-18, then 50%, then 25%)	-79	-136	-136	-351
Operation of BF School Funding Formula	0	0	-50	-50
Fund only 50% of services above that loose Schools Block Funding	0	0	-223	-223
<u>Potential additional income:</u>				
0.3% top slice to maintained schools	-121	40	40	-41
Total potential savings	-200	-96	-369	-665
Total potential net financial effect	988	228	280	1,496

All amounts and phasings are estimates.
Excludes any potential redundancy costs

Recent Developments

- 6.15 At the end of July 2016, the EFA issued *Schools Revenue Funding 2017-18 Operational Guidance*. This sets out the arrangements LAs need to make for next financial year, although a number of requirements are subject to updated funding regulations being adopted and the issuing of more detailed guidance. Key points to note at this stage are:

General:

- 6.16 There will be a one year delay to April 2018 for the following:
- 1 Implementation of the first stage of the schools National Funding Formula (SNFF). The original consultation proposed LAs run a “soft formula” for 2 years from April 2017-18, with funds allocated at LA level on the new SNFF calculation. Now LAs will continue to run the local funding formula in 2017-18 with DSG funding allocated through the current calculation, although this has been re-baselined so that each LAs DSG block (Schools, early years (EY) and high needs(HN)) now matches what they are spending rather than the grant allocation. This will facilitate the correct splitting of DSG Block control totals during the reforms but has no significant impact for 2017-18.
 - 2 The creation of a new central schools block in the Dedicated Schools Grant (DSG) to cover central school services, historic spending commitments on schools and the defined statutory duties that LAs provide for both community and academy schools.
 - 3 Discretion for LAs to set a local Minimum Funding Guarantee at a different rate from the national level of maximum reduction in per pupil funding of 1.5%.
 - 4 Ring fencing LA spend to the funds allocated in each DSG Block i.e. Schools, EY, HN.

It is unclear if all aspects of the funding reforms will slip a year, or just those set out above. Full implementation could remain at April 2019, or also possibly slip a year to April 2020.

Schools Block:

- 6.17 No LA will see a reduction in their 2016-17 per pupil funding rates in the Schools Block.
- 6.18 In respect of the ESG that notionally funds a range of LA retained education duties (See Appendix 1 of Annex A for current list):
- 1 Confirmed the 2015 Spending Review decision to make a saving of £600m on the Education Service Grant (ESG) by April 2019. BFC is expected to receive around £1.5m ESG in 2016-17.
 - 2 The ESG retained duties amount of £15 per pupil has been added into the 2017-18 DSG. BFC will receive £0.26m which is the amount anticipated from the stage 1 consultation. This is unlikely to cover costs, but this can't be determined until EFA confirm duties that need to be covered (see also point 4. below).
 - 3 The ESG general funding rate of £77 per pupil, to allow LAs to fund other ongoing education duties in respect of maintained schools only, will, as

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previously announced, be removed at September 2017. Transitional arrangements for April 2017 to September 2017 to be “confirmed later in the year”. BFC will receive around £1.25m for this element of ESG in 2016-17. Note the general rate is only paid for pupils in maintained schools (academy schools receive the funding for their pupils) so the grant receipt will reduce if more schools convert to academies.

- 4 To provide LAs with a funding source to pay for education services, Funding Regulations will be updated to allow LAs to retain some of the Schools Block funding to cover statutory duties. Precise duties this can cover will be set out in the “forthcoming consultation” on the Funding Regulations.
 - 5 The amount that can be retained will be based on an amount per pupil, for maintained schools only. It will in effect be a new charge to school budgets, with each £1 deduction generating around £0.016m. The amount of deduction must be agreed by the Schools Forum. The Secretary of State decides where no agreement can be reached locally. Based on current school status, a £20 per pupil deduction would generate £0.322m.
 - 6 The Council’s Efficiency Plan, that sets out the 4 year medium term budget position, includes the removal of ESG funding and the expectation of reducing relevant costs by an equivalent amount. This means school support services will need to move to an affordable cost base.
- 6.19 No changes are proposed to the factors that can be included in the LA Funding Formulae that effect BF. Therefore, the council will not be proposing any changes to the current BF Funding Formula for Schools.
- 6.20 EFA are updating the weightings that LAs must use for allocating secondary low attainment figures (to reflect new tests) and Income Deprivation Affecting Children measure (to reflect new national census data). This is an attempt to reduce funding turbulence, as experienced by a number of schools in 2016-17, most notably from the IDACI revision, but data has yet to be issued by the DfE to be able to establish the potential impact on BF schools.
- 6.21 The EFA has yet to determine which elements of historic spend commitments individual LAs can continue to centrally fund from the Schools Block in 2017-18. BF currently retains £0.406m for Combined Services, as per Appendix 2 of Annex A. Elements of this spend would become a budget pressure for the LA in 2017-18 if central Schools Block funding is disallowed.
- 6.22 De-delegation of funds from schools to manage certain services centrally by the LA will, as expected, be permitted again in 2017-18, subject to Schools Forum agreement. As usual schools will be consulted over the autumn term to gather their views on de-delegation. This relates to £1.25m on the services set out in Appendix 3 of Annex A.
- High Needs Block:
- 6.23 No LA will receive less gross DSG in 2017-18 than in 2016-17.
- 6.24 As usual, EFA will continue to fund places directly in certain institutions via deduction to individual LA HNB DSG, based on the number of resident pupils that have been placed. Details will be collected over the autumn, with EFA then deducting the amount required to fund the places in those institutions. A higher number of external placements will therefore result in a reduced amount of HNB

DSG being retained by the LA. So whilst the gross funding is cash protected, there can be an increase or decrease in funding available to LAs, based on movements in the number of external placements.

6.25 The operational guidance note on HNB funding will be issued in September.

Early Years Block:

6.26 On 11 August, the DfE launched the consultation document *An Early Years National Funding Formula and change to the way three and four year olds entitlements to childcare are funded*, with a closing date of 22 September. This builds on the policy objective of enabling more families to work by extending the free entitlement to childcare from 15 to 30 hours per week for parents that want to work, with £1 billion additional funding by 2019-20 to increase provider funding rates to encourage the development of the additional places that will be required from increased take-up.

6.27 Agreed changes will be implemented from April 2017, with the extension to 30 hours per week for eligible children commencing at September 2017.

6.28 The DfE intends to introduce an Early Years National Funding Formula (EYNFF) for the allocation of funds to LAs, rather than continue with the current historic spending level at individual LA. The proposals therefore follow a similar pattern to wider school funding reforms. With the additional funding, average LA hourly funding rates from all grant sources will increase from £4.56 to £4.88 (7.0%)

6.29 There are proposed to be four component parts to the EYNFF:

1. A universal base rate for each 3 and 4 year old;
2. Deprivation addition, based on eligibility to Free School Meals of pupils in Key Stages 1 and 2;
3. English as an additional language (EAL) addition, based on Key Stages 1 and 2 numbers;
4. Disability Living Allowance (DLA) addition, based on Department for Works and Pensions data of eligible children under 5.

These factors were found to be the key drivers to provider costs from the findings of the DfE commissioned *Cost of Childcare Review*.

6.30 The consultation proposes the following weightings are applied to each factor:

1. 89.5% to the universal base rate;
2. 8% for the deprivation addition;
3. 1.5% for the EAL addition;
4. 1% for the DLA.

There would then be an area cost adjustment uplift for relevant areas to reflect pressures arising from the General Labour Market and Nursery Business Rates. Again, the need for these uplifts was evidenced through the *Cost of Childcare Review*.

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- 6.31 Transitional funding protection will also be applied that will cap LA loses at 10% of the 2016-17 funding rate, to be financed by limiting increases to LAs that gain. Funding protection is due to be in place for 2 years, so ends in 2019-20.
- 6.32 It is the intention of the government for provider hourly rates to be maximised, with the same base funding rate to be paid to PVI providers and maintained schools, with a simplified local funding formula with fewer top-up supplements, of which the total payable will be capped to 10% of the total paid to providers. However, there is a recognition that LAs must incur expenditure in meeting their Early Years duties, as well being best placed to provide some support services, so ongoing retention of funds will be allowed.
- 6.33 Moving forward, LA retained spend will be capped at 7% of the EYNFF allocation in 2017-18, reducing to 5% in subsequent years. LA retained spend only covers funds not ultimately passed to providers. Where an LA holds an SEND fund that gets allocated in year to providers, this does not count as LA retained spend. In addition to this general cap, LAs can also retain an amount of contingency to cover in-year increases in up-take. The DfE will not apply a cap maximising contingency amounts.
- 6.34 Funding for the EY pupil premium will remain unchanged at £0.53 per hour to LAs, with the same top-up amount required to be paid to providers. An area cost adjustment is not added to this funding rate.
- 6.35 The DfE propose to retain the current funding formula that is used to finance LAs for the free entitlement for 2 year olds which is based on a range of hourly funding rates determined by the DfE, that currently averages £5.09, and for which BF receives £5.49. The increased funding for 2 year olds added to the 2017-18 DfE budget is proposed to be allocated to LAs through a uniform 7.1% increase on current rates.
- 6.36 Key issues from the DfE consultation for the council and providers in BF are likely to be:
1. The harmonisation of the base rate so that maintained schools and PVI providers receive the same amount of basic core funding, which must aggregate to at least 90% of funds paid to providers. The current hourly rates paid in BF are £3.17 and £3.71 respectively and were based on a local costing exercise undertaken with providers when the current funding framework was introduced. Moving to a uniform hourly base rate of £3.71 would cost around £0.25m. LAs will have 2 years, until 2019-20, to implement the universal base rate. Harmonising this element of funding will be a significant issue for BF.
 2. The DfE has calculated the 2016-17 hourly funding rate paid to BFC for 3 and 4 year olds at £3.79. This arises from dividing the actual January 2016 number of funded hours into the total 2016-17 budget figure provided by BFC. However, the BFC budget was based on an estimate of hours that would actually be provided throughout the year, which was a lower number, and therefore indicates a higher hourly funding rate of £4.04. LAs are funded on actual hours of take up each term and not just those taken in January. In the current year, BF providers are expected to be paid an average hourly rate of £3.83.
 3. Based on an illustrative funding model published by the DfE, BF gains from the new EYNFF, with the DfE estimating an LA hourly funding rate in 2017-

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18 of £4.66 (+15.3%). This indicates additional funding of around £0.675m, of which around £0.25m is likely to be required to harmonise the base rate.

4. As an area gaining from the proposed EYNFF, in the first instance BF will need to contribute to funding protection that will be paid to areas receiving less money. The DfE indicate that the 2017-18 LA funding rate will be £0.27 below the EYNFF. A further £0.294m is therefore expected to be added in addition to the £0.675m set out above, although it is not clear when this will happen.
5. Within the EYNFF, the BF Area Cost Adjustment is 1.31 i.e. 31% uplift to the standard cost level. The rate paid to LAs varies between 1 and 1.9.
6. The simplification of the local funding formula is likely to:
 - a. Continue with a requirement for a mandatory deprivation supplement, with LAs free to select an appropriate proxy measure. BF currently uses IDACI, which is measure of relative low family income by post code.
 - b. Only allow the following supplements to be paid, if agreed locally:
 - i. *Rurality / sparsity*: to support providers that face high costs in sparsely populated areas. Not currently used in BF.
 - ii. *Flexibility*: to support working life hours including holidays or a particular segment of the childcare market. Current BF flexibility supplement is targeted to providers in a similar way.
 - iii. *Efficiency*: to reward and recognise providers who make optimum use of their income to provide high quality childcare, to invest in the workforce and develop and share strong business models. There is no existing equivalent to this supplement.
 - iv. *Delivery of the additional 15 hours*: to ensure sufficient high quality places of 30 hours are available. BF currently retains funds to pay to providers to support the delivery of sufficient high quality places.
 - c. See the removal of the quality supplement, as DfE state that good quality should be expected of all providers. BF currently pays hourly quality supplements of nil, £0.021, £0.027 or £0.48 dependant on provider workforce qualifications.
7. DLA related funding is proposed to be ring-fenced for relevant children, to be centrally managed by LAs through the payment of annual lump sum allocations (i.e. not part of the hourly rate) to qualifying providers. LAs need to develop a policy for distributing these funds, in consultation with providers.
8. To support children with special education needs, LAs should create SEN Inclusion Funds to enable the necessary amount of top-up funds required for individual children to access the free entitlement to be paid to providers. Amounts to be paid would be determined on a case by case basis. SEN Inclusion Funds could also be used to fund local specialist support services, rather than be paid in hourly rates for providers to make their own arrangements. The methods to be adopted to target funds should be considered in consultation with providers, SEN specialists and parents, and ultimately published as part of the 'local offer'. BF currently pays providers hourly top up supplements for children with SEN at an additional rate of £7.20 and a second, higher additional hourly rate of £9.00 for those with the most severe or complex needs.

9. The long term 5% cap on central expenditure is not expected to be a significant issue in BF as the current holdback is £0.225m, around 3.7%, some of which is likely to be paid in year to providers and will be outside the cap, meaning the true rate is below 3.7%. Around £0.3m can be held back.
10. The 10% cap on funding that can be delivered to providers through supplements will need to be looked at closely, including which of the allowable supplements will be used from April 2017, and the proportion of funds they should each allocate. 2016-17 is expected to see 89.6% allocated through the base rate, with 10.4% through supplements (3.2% for deprivation, 5.4% for quality, 1.3% for SEN and 0.5% for flexibility). This indicates that the base rate will need to be increased above the existing £3.71, which coupled with needing to remove the quality supplement, will also create a significant issue for BF.
11. With the DfE proposal for a universal 7.1% increase in hourly funding rates paid to LAs for the free entitlement for 2 year olds, the expectation should be for a similar increase in rates paid to providers.

6.37 Annex C sets out the use of 2016-17 EY DSG as approved by the Schools Forum.

Next Steps

- 6.38 The DfE will launch the second stage of the national funding formula consultation for schools and high needs in the autumn, to apply from 2018 to 2019. This should provide more information on likely financial implication on LAs and schools arising from changes to be introduced with the SNFF, and resultant impact on DSG allocations.
- 6.39 For the LA, consultations will need to be undertaken with schools and early years providers to inform the local arrangements to be put in place for next financial year, where there is flexibility within the funding framework to do so. These will also need to take place in the autumn term.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The relevant legal issues are identified within the body of the report.

Borough Treasurer

- 7.2 At this stage, it is not possible to accurately assess the likely financial implications arising from the reforms proposed by the DfE although it is clear that the council faces a significant loss in funding with further financial pressures likely to fall on schools. An accurate assessment will not be available until the second stage of the consultation later this year when the DfE will publish relevant financial information. This report therefore sets out the key issues and an indication of financial implications where it can reasonably be assessed.

Equalities Impact Assessment

- 7.3 The DfE has completed an EIA on the impact of these proposals.

Strategic Risk Management Issues

- 7.4 The proposed reforms, with the removal of funding and responsibilities from councils for education related services will create significant financial difficulties and require a review of services to be provided.

8 CONSULTATION

Principal Groups Consulted

- 8.1 CYPL Departmental Management Team, council's Corporate Management Team.

Method of Consultation

- 8.2 Written report.

Representations Received

- 8.3 Included in body of the report.

Background Papers

None:

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School and Education Funding Reform: Moving towards a Schools National Funding Formula

Executive Summary

2. On 7 March DfE issued 2 substantial consultations on school and education related funding in respect of introducing a Schools National Funding Formula (NFF) and changing funding allocations to LAs for High Needs Pupils. This briefing relates to the NFF. A separate briefing is available on High Needs Pupils. There are 4 further consultations to follow relating to Early Years, School Improvement, Alternative Provision i.e. PRUs and home tuition, and post 16 SEN funding.
3. This represents the first of 2 stages, with stage 1 setting out the case for change, the principles to be adopted and outline changes being proposed, with stage 2, later in 2016 making firm proposals with anticipated financial implications. Therefore, at this stage the full financial implications are not apparent and won't be for some time.
4. Agreed changes will be implemented on a phased basis from April 2017.
5. What is clear in respect of a Schools NFF is:
 1. That the funding formula will include 4 elements; a core per pupil amount payable equally to all schools; an additional needs top-up, likely to be linked to FSM eligibility and low family income, low prior attainment and English as an additional language; fixed school costs, such as rates; and an uplift for high cost areas.
 2. BF schools are most likely to gain from the changes if the core per pupil and area cost elements have a high weighting. A high weighting to additional needs is likely to result in a funding reduction for BF schools.
 3. EFA will directly allocate budgets to schools from April 2019 at which point LAs will no longer have a role in setting school budgets and allocating funds. For 2016-17 and 2017-18 LAs will continue to calculate and distribute funding to schools but their total allocation for schools will be based on the NFF so will be different to the current amount.
 4. A minimum funding guarantee will limit budget losses at individual schools, to be financed from a cap on schools that gain.
 5. LAs will not be allowed to retain any schools block funding, including "de-delegated" budgets meaning more trading with schools or closure of services.
 6. DfE are reducing LA involvement in education – including school improvement - and further cutting the funding source – the Education Services Grant - by £600m, which is expected to cost the Council around £1.24m.
 7. Subject to Schools Forum approval, DfE will allow LAs to retain some budget from maintained schools to fund central services. This would be a new pressure on school budgets but unlikely to be sufficient to cover current costs.

6. The Council will need to:

1. Review the requirement for services currently supporting schools and those fulfilling statutory duties
2. Consider the approach to be taken to academies as the reforms are likely to stimulate interest and also the number of conversions
3. Be prepared for reduced levels of buy-back as schools become academies
4. Prepare for the outcomes from stage 2 of the consultation when the full financial implications will be clearer.

The current funding system

7. Funding for schools and education comes from 4 main sources:

1. The Dedicated Schools Grant (DSG) a ring-fenced grant allocated by the Department for Education (DfE) through 3 Blocks for; schools, including delegated school budgets, early years provisions; and pupils with high needs above £10,000. In 2016-17 BFC received £83.4m (£66.5m for Schools, £5.2m for Early Years and £11.7m for pupils with High Needs). Note; the ring-fence applies to the overall DSG. LAs can freely move money between the individual Blocks.
2. Other specific school grants. Post-16 (£4.5m), Pupil Premium for disadvantaged children (£3.4m), Universal Infant Free School Meals (£1.5m), Primary PE and Sports Grant (£0.3m).
3. The Education Services Grant (ESG), which comprises 2 parts; an amount paid to LAs at £15 per pupil to cover a small number of defined statutory duties that affect all schools, including academies; and a number of other defined services for which LAs receive £77 per pupil to provide to community schools and which is paid directly to academies to provide for themselves. BFC will receive £1.5m in 2016-17. General council funding to cover other education related services, such as school transport, the SEN statementing process and planning for the supply of sufficient school places. The funding for these functions is not in scope of the DfE proposals and amounts to around £3.5m.

Appendix 1 provides a breakdown of ESG and council funded services and their budgets.

8. Put simply, the majority of DSG funding is allocated to LAs based on their historic spending levels, updated each year to reflect changes in the overall number of pupils and those with high needs. Each LA has a unique DSG per pupil funding amount for both the Schools and Early Years Block and a lump sum amount for High Needs, with flexibility to move funding between the different blocks to reflect local needs and decisions. For the Schools Block DSG, per pupil funding varies between £6,982 and £4,166, with BFC receiving £4,284 which is the 18th lowest amount of 150 LAs.

Proposals for change:

Consultations and timescales

9. Two main consultation documents were released on 7 March; Schools national funding formula and; High needs funding formula and other reforms. For both of these consultations there will be a 2 stage process; March 7 to April 17 is Stage 1 where the DfE makes the case for change, the principles to be followed and outlines the intended factors to be used in future to allocate funds to schools and LAs; Stage 2 will follow later in 2016 with firm proposals including the key weightings to be applied to each funding factor and the anticipated financial implications for schools and LAs. An update on proposals for High Needs funding reforms is set out later in this report.
10. There are multiple consultation documents, with 4 yet to be released. Those outstanding relate to Early Years which will implement changes from April 2017, and school improvement which will have changes from the beginning of academic year 2017-18. Implementation dates for changes to make Alternative Education i.e. PRUs and home education more vigorous and sixth form SEN funding have yet to be announced.
11. The key driver for change in allocating funds to school is to remove the “outdated, inefficient and unfair” characteristics in the current system and have a process that ensures “every school will have funding matched to need”. It will remove the situation where “a school in one part of the country could receive over 50% more than an identical school with exactly the same children, simply because of an accident of history”. There is also an objective to increase the amount of funds schools receive direct in their budgets. To address this, the proposed funding system will follow 7 principles:
 1. it supports opportunity
 2. it is fair
 3. it is efficient
 4. it gets funding straight to school
 5. it is transparent
 6. it is simple
 7. it is predictable
12. Changes are mostly due to be implemented on a phased basis from April 2017 with LAs managing school budgets through a ‘soft’ formula basis for 2 more years until April 2019 when the EFA will take over.

Structure of the funding system

13. The DSG will be retained, but with a fourth ‘Central Schools Block’ added to fund central school services, historic spending commitments on schools and the defined statutory duties that LAs provide for both community and academy schools, for which funding is currently allocated through the £15 per pupil ESG allocation. The relevant amount of ESG will therefore transfer into the DSG. At the same time, the DfE will cut funding through the ESG by £528m in 2017-18. This follows a £72m reduction in 2016-17 and a £200m reduction in 2015-16 and leaves around £120m for transfer to the DSG Central Schools Block. BFC will receive £1.5m of ESG in 2016-17 before these changes and a transitional amount “at a reduced [currently unspecified] rate” for April to September 2018. Overall a net reduction in grant funding of £1.24m is expected.
14. Other existing school specific grants will continue.

Schools National Funding Formula

15. Over time, a school-level national funding formula will be implemented with the DfE directly funding all schools and therefore with a much reduced role for LAs. This will be fully implemented from April 2019, with LAs running a 'soft' transitional formula for two years from April 2017, allocating the total funds received through the re-structured funding system through their local funding formula in consultation with the Schools Forum. Therefore, LAs could receive more or less funding for schools in the next 2 years than through the current funding framework.
16. The first 2 building blocks proposed for the national funding formula build up funding allocations on an individual pupil basis and are:
 - Basic per pupil amount. Separate, national, uniform amounts for; Key Stage 1 / 2; KS3; and KS4.
 - Additional needs top up. For deprivation at both pupil and area level, low prior attainment and English as a second language
17. These blocks will be used to calculate each individual school budget and then aggregate the total to the LA level. Then a national minimum funding guarantee (MFG) will be applied, capping the year-on-year per pupil funding loss any school can experience, which will be funded by applying a cap on gains at individual schools, with no net overall financial effect. For the last 3 years the MFG has been set at a maximum reduction of 1.5% in per pupil funding, but this rate may be considered too low to enable the majority of schools that are currently under funded to quickly benefit from the reforms. This is the mechanism for transitional funding protection. The last 2 building blocks will then be added:
 - Allocation for school costs. Fixed lump sum payment for all schools plus sparsity top up for rural / small schools (no BFC schools qualify), business rates and the Growth Fund for new schools and those experiencing significant in-year increases in pupil numbers.
 - Top up for high cost areas. Either through general labour market costs or the current 'hybrid' model that uses a teachers' pay element and the Department for Communities and Local Government's labour cost adjustment

The 4 building blocks together represent the total Schools Block Funding allocation to an LA.

18. LAs can currently centrally manage a small number of Schools Block funded services. The new arrangements propose that all of these funds must be passed on to schools as LAs will no longer be able to hold back Schools Block funding. It relates to a range of services supporting vulnerable pupils, including Family Support, Education for Looked After Children and Education Health Partnerships, and in-year funding allocations made to schools meeting qualifying criteria, for example experiencing significant increases in pupil numbers. The full range of services is set out in Appendix 2 and total £1.164m, with 3 existing centrally managed budgets transferring to the new Central Schools Block for on-going council management. This relates to school admissions, servicing the Schools Forum and funding boarding places for vulnerable pupils.
19. DfE recognises that not all of these budgets can be passed on to schools immediately so for the 2 years that LAs will be operating under the 'soft' formula, funds will be allocated individually to LAs based on historic amounts of spend. The intention is to gather information and to determine how this money can be included in the 'hard' formula from 2019-20.
20. The existing funding arrangements also allow school members of the Schools Forum to agree that a small number of prescribed services can be "de-delegated" from all schools for the

council to manage centrally. This recognises the benefits that can arise from economies of scale, risk sharing, and strategically important services. “De-delegation” will not be permitted from April 2019, with LAs either offering the services on a normal trading basis, or schools making their own arrangements. The BFC Schools Forum has agreed that £1.25m of budgets can be “de-delegated” and these are set out in Appendix 3.

21. Some LAs will receive more Schools Block money to pass on to schools than under the current system, others less. The impact on each LA will not become apparent until the Stage 2 consultation is launched which will set out the proposed weightings to be applied to each funding factor. Where an LA does experience a funding loss, there would be little room to manage the budget, and there is a proposal to allow a second, local MFG to be applied, up to a maximum amount set by the DfE, that allows for a greater year-on-year loss of funding compared to the national formula amount. This could only be applied after consultation with all schools and agreement of the Schools Forum.
22. In deciding on the starting amount of funding to be allocated nationally through each funding block, the DfE will use current LA budget allocations and not the DSG grant allocations. A baseline exercise has been undertaken with LAs to align the funding blocks. This is likely to see a shift in funds from the Schools Block to the High Needs Block to reflect the recent budget decisions of LAs and Schools Forums in financing SEN pressures. In 2015-16, the BFC Schools Forum agreed that £2.093m should be diverted from Schools to the High Needs Budget and this has remained in the base for 2016-17. Moving funds between Blocks will not be permitted from April 2017.

Funding that will remain with LAs

23. The consultation sets out 3 main areas for LA involvement in education for which funding will be provided:
 - Securing that sufficient school places are available, ensuring fair access through admissions and working with schools to develop local transport policies, and taking a lead in crisis management and emergency planning
 - Ensuring the needs of vulnerable pupils are met: identifying, assessing and making provision for all children with SEN and disabilities; promoting attendance; and making sure that alternative provision is available for children and young people excluded from school or otherwise unable to attend a mainstream school; leading on safeguarding for those pupils in un-regulated settings, educated at home, tracking children missing education as well as those at risk of extremism; working with schools to ensure they understand and discharge their safeguarding duties; acting as a corporate parent for looked-after children and those adopted from care
 - Acting as champions for all parents and families: listening and promoting the needs of parents children and the local community; supporting parents in navigating the system and ensuring children do not fall through the gaps; supporting children, young people and parents to navigate local SEND arrangements (such as providing information, advice and support); and championing high standards locally.
24. Funding for direct provisions and support for High Needs Pupils will continue to be provided through the restructured DSG and those costs currently funded from general council funds, such as home to school transport, which are out of scope of this consultation, will continue to receive funding through current sources.
25. Resources are proposed to be allocated to LAs for the duties previously notionally funded through the ESG through a per pupil formula. It will be financed from the per pupil element included in the ESG for the defined statutory duties that LAs provide for both community and academy schools, currently £15 per pupil, for which BFC will receive £0.26m in 2016-17, and

centrally retained DSG, for which there is no national funding basis but reflects decisions made by local Schools Forums on what their LA can centrally manage. As set out above, this will be called the Central Schools Block. The formula and pace of transition will be set out in the Stage 2 consultation as there is a wide variation of spend between LAs.

26. The DfE has divided elements of the Central Schools Block into 2; those services that a national approach to funding through an amount per pupil can be taken, and those based on local Schools Forum decisions and historic costs that will unwind over time and which will vary considerably from LA to LA. The DfE are unwilling to continue indefinite funding of historic commitments, some of which are considered the responsibility of the LAs core budget, and over time will be reducing funding and transferring it to the Schools National Funding Formula. DfE will only initially fund these costs where there is relevant evidence that the service was in place before April 2013 and that the cost is on-going. BFC currently spends £1.9m on services that will in future be funded on a national per pupil amount, i.e. £1.67m of ESG funded items set out at the top of Annex B and £0.27m of Schools Block Funded items in the final column of Annex C. A per pupil funding rate of £109 will be required to fully cover costs. For historic commitments that the DfE will review before continuing funding, on what is likely to be a time limited basis, there is £0.45m current spend, as set out in Part 1 of Appendix 3.
27. To reduce LA costs to the lower funding arising from the £528m cut in ESG funding in 2017-18, the DfE are seeking views on what statutory functions can be removed from LAs. There are also a number of proposals from the DfE, including expecting LAs to “step back from running school improvement from the end of 2016-17 academic year and therefore they will not require funding for this function.” ESG funding will be available through a short transition period to support school improvement. DfE will issue a further consultation on School Improvement that will set out the future funding arrangements. No other information is available at this stage on school improvement. The BFC school improvement budget is £0.54m and is in addition to the £1.9m costs that will in future fall into the Central Schools Block.
28. The duties the DfE suggest can be removed from LAs relate to the responsibility for setting the local funding formula which will cease to exist at April 2019, and a small number of LAs continue to fund music services, visual and performing arts, pupil support and outdoor education. Funding for these activities will be removed.
29. DfE recognises that the reduction in ESG funds will require LAs to identify alternative funding streams for their statutory duties. A proposal has therefore been included that will allow LAs to retain some of community schools DSG to cover these duties. The amount to be retained would need to be agreed by school members on the Schools Forum and whilst the details of operation have yet to be disclosed, it is likely to be a similar arrangement to Multi-academy trusts that charge each school in the chain a percentage top-slice to their budget for central services. Full details have yet to emerge on this.
30. Appendix 5 sets out a summary of where services and budgets are expected to reside from April 2017.

Initial implications for schools

31. BFC schools are likely to benefit most from the Schools National Funding Formula if there are high funding weightings through the basic per pupil amount and top up for high cost areas. Lower funding allocations are likely to arise if greater importance is placed on the additional needs top up. There is no indication at this stage what the likely outcome will be.
32. The potential for a local MFG to allow a larger reduction in per pupil funding may be required if there is a poor outcome from the reforms for BFC. Even though the Council is currently the 18th lowest DSG funded authority, the reforms could result in a lower ranking than present.

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33. The transfer of the centrally managed budgets supporting vulnerable pupils into delegated school budgets will most likely result in the services ceasing or contracting. The reduced levels of early interventions may result in individual schools needing to set aside more resources to support these pupils than is currently the case. This will take place no later than April 2019.
34. The reduction in ESG removes the ability of the Council to provide a number of services, such as school improvement, strategic Finance, HR and health and safety and elements of Education Welfare. If they are to continue, it is most likely that a percentage top slice will need to be applied to school budgets in a similar way to that in place at Multi-academy trusts, subject to approval of the Schools Forum.
35. Removing the Local Funding Formula for Schools removes the ability to include all of the current factors, specifically joint use sports centres and schools experiencing high pupil mobility, and to be able to prioritise certain factors for additional funding. In future, the national rates will apply.
36. The option of “de-delegation” will cease at April 2019. Schools will need to decide whether they would buy-back the services if offered by the Council, or how they would be provided in-house, if required. There will not be a budget to support schools in financial difficulty unless schools contribute to a central fund.
37. DfE recognise that moving to a formulaic national funding approach for school costs will be problematic, especially for the growth fund where costs will be linked to current and future demographics / building programmes. This could be a significant issue for BFC with the substantial planned build programme if sufficient funds aren't available to support the new schools.
38. The budget ‘re-basing’ exercise will mean that at a national level, the £2.093m of funding the Schools Forum agreed could be transferred from the Schools Block to the High Needs Block will be made permanent, rather than be subject to annual agreement.

Initial implications for the Council

39. ESG reduction is forecast to result in the £1.5m grant expected in 2016-17 reducing to £0.26m, and paid through the DSG. So a reduction in funding of £1.24m. There will be some transitional protection for April to September 2018, although the likely amount has not been disclosed other than at a “reduced rate” compared to the current £77 per pupil. A per pupil rate of £35 would deliver £0.3m in 2017-18 in addition to the £0.26m transferred into the DSG.
40. DSG funding for those services currently managed centrally by the Council will no longer be available and a decision needs to be made regarding their on-going provision. Most of the services link to improved outcomes for children, such as the Family Intervention Service, Looked After Children’s Education Service and Education Health Partnerships and early interventions that help to manage down higher cost tier 3 interventions. Part 1 of Annex B sets out the services involved that total to £0.445m. It seems unlikely that any DSG funding will be available for these services past April 2019.
41. It seems unlikely that the services the DfE intend to fund through the new ‘Central Schools Block’ element of the DSG through a per pupil funding allocation can continue to be provided in their current form as this requires a funding rate of £109 per pupil, and total grant of £852m.
42. The reforms are likely to stimulate the academy conversion process. The Council needs to consider whether attempts should be made to manage the process in a measured way that would be beneficial to the council. This could include a School Improvement Service.
43. An increase in academies is likely to reduce the level of buy-back income earned through school trading. Over time, this is likely to require a contraction in services.

Unrestricted

44. The requirement for staff involved in the process of allocating funds to schools where the responsibility ends in the next 2 years needs to be established.
45. Future arrangements and funding for school improvement service from September 2017 need to be determined in light of the forthcoming consultation.
46. A decision needs to be taken on whether the services currently “de-delegated” and managed by the Council, which must cease no later than April 2019, should be traded with schools or cease. This particularly relates to the Behaviour Support Service and English as an Additional Language. There are £0.095m of LA costs charged to “de-delegated” budgets that are at risk. There is £0.06m recharged to Schools in Financial Difficulty, £0.015m to Behaviour Support, £0.01m to Free School Meal eligibility Checking and £0.01m to the Official Staff Absence scheme.

Services and budgets funded by the ESG and general council resources

Funding Source / Budget item	Total 2015-16 £
<u>ESG funded:</u>	
<u>Central Schools Block – per pupil funded item</u>	
Statutory and Regulatory Duties	1,257,570
Education Welfare Service	204,370
Central Support Services	0
Asset Management	204,094
PRC/redundancy costs (new provisions)	0
Therapies and Health-related Services	0
Sub total	1,666,034
<u>Alternative Funding Source Required</u>	
School Improvement	528,301
Monitoring National Curriculum Assessment	15,000
Sub total	543,301
Total Funded from ESG *	2,209,335
<u>General Council Funding</u>	
Education Psychology	348,853
SEN assessment process	397,524
Independent Advice and Support	44,186
Home to school transport	2,226,914
Supply of school places	25,000
Young peoples learning and development	144,779
Adult and community learning	35,315
Historic Teacher pension costs	307,963
Sub total	3,530,534
Total Funded from general funds	3,530,534
Grand Total Funded from DSG, ESG and general funds	6,903,569

Note All figures are taken from the 2015-16 Section 251 budget statement returned to the DfE and include an appropriate share of Departmental and Corporate recharges, so represent full costs.

* Prior to cuts in grant funding, the Council received £2.115m ESG from the DfE in 2014-15, close to the £2.209m 2015-16 budget amount.

2016-17 Schools Block budgets centrally managed by the Council

Budget item	Central budget	
	To be in Schools Block £	To be in Central Schools Block £
<u>Part 1: Spending limited to amount agreed in the previous financial year</u>		
Combined Services Budgets*:		
Family Intervention Project	£100,000	£0
Educational Attainment for Looked After Children	£133,590	£0
School Transport for Looked After Children	£42,890	£0
Young People in Sport	£18,050	£0
Common Assessment Framework Co-ordinator	£42,470	£0
Domestic Abuse	£6,000	£0
Education Health Partnerships	£30,000	£0
SEN Contract Monitoring	£32,680	£0
Miscellaneous (up to 0.1% of Schools Budget):		
Forestcare out of hours support service	£4,850	£0
Borough wide Initiatives	£27,270	£0
Support to Schools Recruitment & Retention	£7,470	£0
School Admissions	£0	£175,970
Schools Forum	£0	£21,440
Sub total Part 1 items	£445,270	£197,410
<u>Part 2: No restriction on annual increases</u>		
Schools Contingency:		
Significant in-year growth in pupil numbers	£182,648	£0
Key Stage 1 class sizes	£86,392	£0
Start-up costs for new schools (2015-16 base budget relates to Jennett's Park)	£106,100	£0
Boarding Placements for Vulnerable Children	£0	£75,880
Central copyright licensing	£70,000	£0
Sub total Part 2 items	£445,140	£75,880
Total Part 1 and Part 2 items	£890,410	£273,290
	£1,163,700	

* Combined Service Budgets funded by the DSG generally support vulnerable children and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently. DfE now consider these services a core LA budget responsibility.

Items subject to de-delegation

Budget Item	Total 2016-17 £
<p>Behaviour Support Services :</p> <p>Behaviour Support Team – provides support to young people, children and their families in the home environment and schools to manage behaviour. £299,787</p> <p>Anti-bullying co-ordinator – assists schools in their capacity to address bullying issues. £25,027</p> <p>Schools in Financial Difficulty – additional support where a school is in, or likely to fall into one of the Ofsted categories of causing concern. £280,000</p> <p>English as an Additional Language – to support under performing EAL pupils. £127,066</p> <p>SIMS and other licences – purchase of the licence required by the software that performs most finance and administration tasks in schools. £90,452</p> <p>Official staff absence e.g. maternity leave, union or magistrates duty, jury service, council membership, staff suspension. £345,420</p> <p>Premature Retirement / Dismissal costs to fund one-off redundancy costs following staffing restructure in schools. £52,000</p> <p>Exceptional costs (primary schools only) to support schools facing exceptional costs that could not be predicted when the budget was set £10,000</p> <p>Free School Meal eligibility checking - Ensures schools have relevant information to complete the annual, national census to maximise income. £20,000</p>	
Total Schools Budget	£1,249,752
Less retained by academies (estimate)	£141,000
Total Managed by the Council	£1,108,752

Expected Budget Structure from April 2017

Funding Source / Budget item	Budget £
<u>DSG funded:</u>	
<u>Schools Block</u>	
Growth Fund:	
Significant in-year growth in pupil numbers	182,648
Key Stage 1 class sizes	86,392
Start-up costs for new schools	106,100
Sub total	375,140
<u>Central Schools Block – per pupil funded item</u>	
School Admissions	175,970
Schools Forum	21,440
Boarding Placements for Vulnerable Children	75,880
Sub total	273,290
<u>Central Schools Block – historic commitments item</u>	
Combined Services Budgets*:	
Family Intervention Project	100,000
Educational Attainment for Looked After Children	133,590
School Transport for Looked After Children	42,890
Young People in Sport	18,050
Common Assessment Framework Co-ordinator	42,470
Domestic Abuse	6,000
Education Health Partnerships	30,000
SEN Contract Monitoring	32,680
Central copyright licensing	70,000
Sub total	475,680
<u>Alternative funding source required</u>	
Miscellaneous (up to 0.1% of Schools Budget):	
Forestcare out of hours support service	4,850
Borough wide Initiatives	27,270
Support to Schools Recruitment & Retention	7,470
Sub total	39,590
Total Currently Funded from DSG	£1,163,700

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Funding Block / Budget item	Budget
	£
<u>ESG funded:</u>	
<u>Central Schools Block – per pupil funded item</u>	
Education Welfare Service	204,370
Asset Management	204,094
Statutory and Regulatory Duties	1,257,570
Sub total	1,666,034
<u>Alternative Funding Source Required</u>	
School Improvement	528,301
Monitoring National Curriculum Assessment	15,000
Sub total	543,301
Total Currently Funded from ESG	2,209,335
<u>General Council Funding</u>	
Education Psychology	348,853
SEN assessment process	397,524
Independent Advice and Support	44,186
Home to school transport	2,226,914
Supply of school places	25,000
Young peoples learning and development	144,779
Adult and community learning	35,315
Pension costs	307,963
Sub total	3,530,534
Total Currently Funded from general funds	3,530,534
Grand Total Currently Funded from DSG, ESG and general funds	6,903,569

Schools Block		375,140
Central Schools Block – per pupil funding		1,939,324
Central Schools Block – historic commitments		475,680
General Council Funding		3,530,534
Alternative funding source required		582,891
Grand Total Currently Funded from DSG, ESG and general funds		6,903,569

Note, all non-DSG figures include an appropriate share of Departmental and Corporate recharges, so represent full costs. All figures taken from Section 251 budget statements.

School and Education Funding Reform: High Needs Funding Reform

Executive Summary

1. On 7 March DfE issued 2 substantial consultations on school and education related funding in respect of introducing a Schools National Funding Formula (NFF) and changing funding allocations to LAs for High Needs Pupils. **This briefing relates to High Needs Pupils** i.e. those with assessed support needs in excess of £10,000. A separate briefing is available on the NFF. There are 4 further consultations to follow relating to Early Years, School Improvement, Alternative Provision i.e. PRUs and home tuition, and post 16 SEN funding.
2. This represents the first of 2 stages, with stage 1 setting out the case for change, the principles to be adopted and outline changes being proposed, with stage 2, later in 2016 making firm proposals with anticipated financial implications. Therefore, at this stage the full financial implications are not apparent and won't be for some time.
3. Agreed changes will be implemented on a phased basis from April 2017.
4. What is clear in respect of a funding for High Needs Pupils is:
 - i. This will be the main area of financial responsibility for LAs in respect of schools and education with recognition from the DfE that an area wide strategic role is required for effective and efficient delivery. Grant funding in 2016-17 is £11.7m with planned spend of £13.8m by transferring £2.1m grant from the Schools Block.
 - ii. Total funding allocated for high needs pupils will be re-based to current levels of spend, not grant receipts. In future, LAs will need to manage high needs spend to the grant allocation as the existing ability to use schools money will be removed.
 - iii. Funding allocations to LAs will move from historic spending levels to a formulaic approach using 5 nationally available proxy measurers for needs; a basic £4,000 per pupil in a specialist institution, such as Kennel Lane Special School; low prior attainment from national tests at end of primary education and GCSEs; health and disability data; deprivation at individual pupil eligibility to free school meals and the area deprivation from where they live; and an amount per pupil aged 2 to 18.
 - iv. In addition there will be an uplift for high cost areas and 2 layers of transitional protection for at least 5 years to limit loses at LA level. This recognises that much of the spend is tied up in education fees for children that will remain in their existing provision for a number of years to come.
 - v. Some LAs will experience a reduction in funding and will need to examine ways of reducing costs, although this will not be known until later in 2016.
 - vi. The DfE will financially support LAs in the development of appropriate, cost effective SEN provisions through £200m of capital funding for invest to save type schemes and will confirm how this can be accessed later in 2016.
 - vii. There are limited direct implications to schools from these changes.

5. The Council will need to:
 - i. Continue the successful management down of costs as evidenced in the £0.9m under spending achieved in 2015-16 financial year.
 - ii. Proceed with the planned review of services funded through the High Needs Block to ensure that cost effect and appropriate services are being commissioned.
 - iii. Prepare for the outcomes from stage 2 of the consultation when the financial implications will be clearer.

The current funding system

6. Funding to support schools and pupils with high needs comes from 3 main sources:
 - i. The Dedicated Schools Grant (DSG) a ring-fenced grant allocated by the Department for Education (DfE) through 3 Blocks for; schools, including delegated school budgets, early years provisions; and pupils with high needs above £10,000. In 2016-17 BFC received £83.4m (£66.5m for Schools, £5.2m for Early Years and £11.7m for pupils with High Needs). Note; the ring-fence applies to the overall DSG. LAs can freely move money between the individual Blocks.
 - ii. Other specific school grants. Post-16 (of which around £0.6m of a total £4.5m grant specifically relates to SEN pupils) and the Pupil Premium for disadvantaged children (£3.4m) where there is a link to some high needs pupils.
 - iii. General council funding to cover the cost of some central services, such as the SEN statementing process including Education Psychology. The funding for these functions is not in scope of the DfE proposals.

Appendix 1 sets out the initial 2016-17 High Needs budgets, which includes the £2.1m transfer from the Schools Block.

7. Put simply, the DSG High Needs Block is allocated to LAs based on their spending levels in 2012-13, updated each year to reflect changes in the number of pupils with needs above £10,000 and attending specialist schools. Subsequent to this most recent funding reform, various legislative changes have been introduced through the Children and Families Act 2014 (most notably the introduction of the Education, Health and Care Plan (EHCP) and extending LA responsibility for funding SEN to age 25 from 19) and the SEN and disability Code of Practice which have had the effect of widening LA statutory responsibilities and lengthening the processes.

Proposals for change:

Consultations

8. Two main consultation documents were released on 7 March; Schools national funding formula and; High needs funding formula and other reforms. For both of these consultations there will be a 2 stage process; March 7 to April 17 is Stage 1 where the DfE makes the case for change, the principles to be followed and outlines the intended factors to be used to allocate funds to schools and LAs; Stage 2 will follow later in 2016 with firm proposals including the key weightings to be applied to each funding factor and the anticipated financial implications for schools and LAs.
9. There are multiple consultation documents, with 4 yet to be released. Those outstanding relate to Early Years which will implement changes from April 2017, and school improvement which will have changes from the beginning of academic year 2017-18. Implementation dates for

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changes to make Alternative Education i.e. PRUs and home education more vigorous and sixth form SEN funding have yet to be announced.

10. The key driver for change on High Needs Funding is that the current funding distribution is not fair to children and young people with high needs as it directs money to LAs based on historic spending, not the highest current needs. To address this, the proposed new funding system will follow 7 principles:
 - i. it supports opportunity
 - ii. it is fair
 - iii. it is efficient
 - iv. it gets funding to the front line
 - v. it is transparent
 - vi. it is simple
 - vii. it is predictable
11. Changes are due to be implemented on a phased basis from April 2017.

Scope and Structure of the funding system

12. In line with the special educational needs and disabilities (SEND) reforms that were introduced from September 2014, the High Needs Block is intended to fund a continuum of provision for pupils and students with SEN, learning difficulties and disabilities from 0-24.
13. The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a “place-plus” approach to funding is used which can be applied consistently across all providers that support high needs pupils and students as follows:
 - i. **Element 1, or “core education funding”**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
 - ii. **Element 2, or “additional support funding”**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000.

Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.
 - iii. **Element 3, or “top-up funding”**: funding above Elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.
14. Additionally, High Needs Block DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools.
15. The DSG High Needs Block will be retained, but the DfE intends to introduce a more formulaic approach to distributing funds to LAs, using proxy indicators of need, rather than using historic spend. The allocation will also be ring-fenced for high needs expenditure. The factors

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proposed to be included are based on independent research commissioned by the DfE and as well as an amount per SEN pupil / student are to be based on measures of health, disability, low attainment and deprivation. They are:

- i. A basic entitlement for pupils / students in special schools and post-16 institutions: To be at around £4,000 per student i.e. current basic per pupil amount or Element 1, with LAs funding the remaining £6,000 of current place funding i.e. Element 2 from their general High Needs Block funding. This is the first stage of the calculation.
- ii. Secondly, as a transitional funding protection measure, a proportion of the funding would be based on each local authority's planned high needs expenditure in 2016-17 – the baseline year – and this amount would be maintained at a cash level in succeeding years. This provides a degree of funding stability and reflects the fact that a significant amount of costs are medium to long term commitments as most children and young people will remain in their current provision for a number of years. This protection will be in place for at least 5 years.
- iii. Thirdly, the remaining amount of overall funding would be distributed according to fixed proportions for each of the other formula factors, allocated to LAs in proportion to their relative data score compared to all LAs, using the following proxy indicators:
 - a. Low attainment factor: for pupils achieving low scores in national tests at Key Stage 2 (end of primary education) or Key Stage 4 (GCSEs)
 - b. Health and disability: use of “children not in good health” population census data and disabled living allowance data
 - c. Deprivation: use of pupils eligible for free school meals or living in low income areas, as measured through the Income Deprivation Affecting Children Index (IDACI)
 - d. Population factor: ONS data for children and young people aged 2 to 18.

So for example, for these last 4 funding factors, an LA will receive funding relative to their own data as a percentage of the whole national data. If an LA has 2% of all pupils eligible to a FSM, they will receive 2% of the total funds to be allocated through this factor. As expected, the weightings to be used in allocating funds through the factors will be key to the outcomes of an LAs financial settlement and this will not be known until later in 2016.

16. Three further adjustments are proposed:

- i. An area cost addition for high cost areas on all factors mentioned above.
- ii. An adjustment would be applied to the pupil / student basic entitlement to reflect the number of pupils / students in maintained schools from other LAs at the value of Element 2 (£6,000). A net “importer” LA would receive additional funding, a net “exporter” a deduction. This would work outside the transitional protection described in 15 ii above with the impact felt immediately. It re-introduces inter authority recoupment, although the process is managed on a national level by the DfE. Crucially, this will also include the places in academies, non-maintained special schools and specialist post 16 provisions directly funded by the EFA. This adjustment was stopped in the current arrangements and prevents LAs from receiving the full financial benefits from placing pupils in their own maintained provisions rather than out of Borough. This means over time, funding should transfer from the EFA to the Council as the new Autistic Spectrum Disorder Unit (Rise@GHC) recently opened by the Council at the refurbished Eastern Road site

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admits more pupils at the start of each academic year and at the same time reducing the numbers moving out of borough. A similar, long term impact can also be expected from the SEN Unit included in the Binfield Learning Village development.

- iii. The application of an over-arching minimum funding guarantee that would be applied to limit year on year losses in high needs funding to no more than a specified percentage.

17. Other existing specific grants will continue.

Reviewing and developing high need provision

18. The DfE recognises that moving forward, LAs will have reduced flexibilities to manage the financial effects arising from high cost pupils. Furthermore, some LAs will experience funding reductions and will need to take steps to reduce costs, with significant reductions only likely to be possible over the medium to longer term. The DfE suggests help will be available for this through:

- i. Accessing capital funding through the existing Free School Programme to develop new specialist provision to better meet existing pressures and emerging needs.
- ii. A £200m capital budget to support the expansion of existing provision and inclusion of specialist places in new schools. More information on this fund will be made available later in 2016.
- iii. The promotion of collaborative working between LAs in regional and sub-regional groups to achieve more effective and efficient commissioning, as well as sharing administrative functions, services and provisions.
- iv. Making changes to encourage schools and colleges to include pupils and students with SEN rather than need to use more expensive specialist providers.
- v. Supporting specialist providers in reducing some of their costs in order to meet other cost pressures.

19. The DfE are also looking at funding for post-16 providers, to make it more consistent with pre-16 funding and to make improvements to the planning and delivery of provision. The changes being considered include:

- i. Amending the post-16 funding formula that funds school sixth forms to include resources to cover the Element 2, up to £6,000 through proxy measurers, rather than actual high needs student numbers. This would then mirror the pre-16 funding framework
- ii. Allowing LAs to have a role in allocating additional resources to providers outside the normal formula where there is a high proportion of SEN students to encourage inclusion. LAs would also have a role in designating SEN Units at FE colleges which would then attract £6,000 Element 2 place funding.

A further consultation will follow on these post-16 issues.

Initial implications for schools

20. There are no significant changes proposed to the way schools are funded for pupils with SEN and disabilities. They will continue to be responsible for meeting Element 1 and 2 costs from their delegated budget i.e. the first £10,000, with LAs providing individual Element 3 top-up funding where assessment of individual pupil needs indicates a higher cost.

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21. DfE expects mainstream schools to “play their full part in providing for pupils with SEN”. There is a presumption in the Children and Families Act 2014 that children with SEN are educated in mainstream schools, unless they have a statement or EHCP that specifies more specialist provision.
22. There is a change proposed to the way mainstream schools with special units receive per pupil funding. Rather than receiving the current £10,000 per place, individual pupils would attract per pupil funding through the National Funding Formula plus a £6,000 places ‘top-up’. Depending on the individual pupil’s characteristics, schools would receive more or less than the current £10,000. This affects 4 BF schools.

Initial implications for the Council

23. Funding educational support for pupils and students with High Needs will be the main education related financial responsibility for LAs. These are high cost, demand led services, subject to change at short notice and therefore come with significant cost risks. The 2015-16 initial budget was £13.8m with an outturn under spend of £0.9m.
24. Placing a ‘ring-fence’ on each DSG funding Block and removing the ability to move money between Blocks reduces the flexibility currently available to LAs to manage overall expenditure and in particular ensuring there are sufficient resources available to meet statutory responsibilities. It will prevent any future transfers like the £2.1m agreed by the Schools Forum in 2014-15. The risk to the council on having to manage an over spending will increase because of the nature of high needs costs. Any under spendings will be carry forward each year and ‘ring fenced’ to overall DSG funded responsibilities.
25. There will be a financial incentive for schools to maximise the number of pupils and students classed as High Needs as the LA will be financially responsible. There will no longer be a shared responsibility with schools understanding the more that is spent on High Needs pupils, the less there is for allocation into their delegated budgets. The DfE indicate they will encourage schools to include SEN pupils but it is not yet clear whether this will be effective.
26. Whilst transitional funding protection is proposed, some LAs will still face a number of years of funding cuts. As such it is important that those LAs have plans in place to reduce costs at a time when the overall sector will be facing demographic and general cost pressures. The review of High Needs Block budgets that is due to commence spring 2016 will help prepare the council in identifying the most effective use of resources.
27. Changes to post-16 funding, including enabling LAs to designate SEN resource units in FE colleges should result in better provision planning and take account of local knowledge of students with particular needs in schools that will over time need post-16 support

2016-17 Initial High Needs Block Budgets

Budget Item	Initial 2016-17 Budget
Elements 1 and 2: Specialist places	
Kennel Lane Special School	£1,850,000
BFC maintained schools	£292,000
Element 3: top up payments	
BFC maintained schools and academy	£967,050
Non-BFC maintained schools	£867,000
Kennel Lane Special School	£1,420,650
Other specialist providers e.g. NMSS, FE colleges	£5,940,670
Education out of school	
College Hall Pupil Referral Unit	£701,490
Home Tuition	£300,160
Family Outreach Work	£94,130
Other support to high needs pupils	
Teaching and support services	£638,750
Sensory Impairment services	£228,470
Autism support service	£84,000
Traveller education	£75,140
Medical support, specialist equip etc.	£197,610
Support to schools with high numbers of SEN pupils	£100,000
SEN Resource Unit Reserve	£55,000
Total DSG funded (1)	£13,812,120
Reserve funding for KLS	£0
EFA sixth form grant for KLS	£500,170
Total gross funding	£14,312,290

(1) comprises current budget for HNB DSG of £11.719m plus £2.093m transfer from Schools Block.

Early Years Block Budgets

Budget Item	2015-16 Budget £	2016-17 Changes £	2016-17 Budget £
Free entitlement to early years education and childcare:			
Maintained school nurseries: 3 and 4 year olds	£1,392,450	£75,150	£1,467,600
PVI provider settings: 3 and 4 year olds	£2,593,230	-£26,530	£2,566,700
2 year olds	£640,160	-£35,620	£604,540
Provider Contingency – for in-year increases in take-up and other support to providers e.g. SEN children, providers in financial difficulty	£115,000	-	£115,000
Multi professional assessment centre – based at Margaret Wells Furby Children’s Centre in Great Hollands	£156,850	£9,110	£165,960
Free milk – net cost of free milk to eligible children.	£11,210	-	£11,210
Special Educational Needs and other support e.g. Special Educational Needs Co-ordinators.	£147,390	-	£147,390
Early Years Development Officer funding for 1 fte development officer supporting early years providers in tracking and monitoring children’s early years progress to ensure school readiness.	£35,000	£1,290	£36,290
Out reach: To support delivery of sufficient places.	£28,000	-£10,400	£17,600
Early Years Pupil Premium	£63,710	-	£63,710
Total Early Years Block Budget	£5,183,000	£13,000	£5,196,000

TO: SCHOOLS FORUM
DATE: 15 SEPTEMBER 2016

**THE SCHOOLS BUDGET – 2016-17 BUDGET MONITORING
AND OTHER FINANCIAL MATTERS**
Director of Children, Young People and Learning

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is for the Schools Forum to receive an update on the 2016-17 forecast budget monitoring position for the Schools Budget, to be aware of key issues and management actions being taken and progress to date on the Education Capital Programme.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 **the current level of anticipated Dedicated Schools Grant at £75.040m (paragraph 5.5);**
- 2.2 **the revised presentation of financial data to better reflect the future funding arrangements (paragraph 5.6);**
- 2.3 **the budget variances being forecast on the Schools Budget that total to an aggregate net over spending of £0.056m, (paragraph 5.9);**
- 2.4 **that the accumulated year end balance for the Schools Budget General Reserve is forecast to be £0.044m above the minimum prudential level required to be maintained to safely manage in-year budget risks (paragraph 5.9 (xi));**
- 2.5 **progress to date on the Education Capital Programme, as summarised at Annex 2.**

That the Schools Forum AGREES:

- 2.6 **the revenue budget virements proposed (paragraphs 5.4 and 5.5);**

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 Where relevant, these are set out in the supporting information.

5 SUPPORTING INFORMATION

2016-17 Monitoring of the Schools Budget (Revenue)

Approved budget

- 5.1 Budget proposals for the 2016-17 Schools Budget were approved by the Schools Forum at its meetings in January and March, and these were subsequently agreed by the Executive Member for Children, Young People and Learning as the initial budget. Members of the Forum will be aware that the Schools Budget is a ring-fenced account, fully funded by external income that can only be spent on defined education related duties.
- 5.2 The most significant income source to the Schools Budget is the Dedicated Schools Grant (DSG), which is paid by the Department for Education (DfE). The initial approved budget included £83.437m as the estimated amount of DSG. Other grant income of £9.836m was also expected from the Education Funding Agency (EFA) for sixth forms, the Pupil Premium, Primary PE and Sports activities and the Universal Infant Free School Meals initiative. With £0.107m of general income also anticipated, there was originally expected to be £93.380m of income available to fund expenditure within the Schools Budget.
- 5.3 In addition to the anticipated external income receipts, the Forum also agreed that £0.213m should be drawn down from the Schools Budget General Reserves to ensure sufficient funding was available for all the budget proposals made by the council. This has been added to available funds as a budget, which results in a net budget of £0.213m.
- 5.4 A number of adjustments have been required since the original budget was agreed as follows:

Early Years Block:

- a) funding for 2 year olds has now been confirmed at £0.595m, a reduction of £0.002m;
- b) funding 3 and 4 year olds has been verified at £4.506m and results in a £0.029m reduction.
- c) Early Years pupil premium allocation has been reduced by £0.040m to £0.024m to reflect a revised EFA estimate of eligible children

These adjustments relate to the EFA recalculating the funding requirement from the January 2016 census data, rather than the January 2015 information which was used on the initial, provisional funding announcement. A second adjustment to DSG funding will be made by the EFA once the January 2017 census data has been verified in June 2017.

High Needs Block:

- d) the places deduction made by the EFA to directly fund relevant providers, e.g. non-maintained special schools, has been confirmed at £0.183m less than assumed in the original budget, increasing available funds.

Schools Block:

- e) the academy school funding deduction – for Ranelagh, Brakenhale and St Margaret Clitherow – has been confirmed by the EFA at £8.509m. This includes the funding allocated through the normal operation of the BF Funding Formula for Schools and also the relevant share of de-delegated budgets.

Self-balancing virement:

- f) As charitable bodies, academy schools are eligible to 80% rates relief. The budget for Brakenhale was set before conversion was confirmed, and there is now a £0.096m saving. This has been transferred to part fund the additional rates costs anticipated from the school building programme delivering additional places for which there is no specific budget.

5.5 Overall, these changes result in an anticipated level of DSG of £75.040m with total external income of £84.983m. To ensure budgets correctly reflect anticipated spending requirements, relevant adjustments have been made to the areas of the accounts that the changes relate to. Annex 1 sets out a summary budget statement, including these changes, with notes a) to f) above referenced to the relevant budget lines.

5.6 A change in presentation of financial data in the Schools Budget has been made this year. This is in order to reflect the changes anticipated from the School Funding reforms and to allow clear focus on key areas likely to change, such as de-delegated budgets and combined services budgets where funding will be lost as some point in the future. These are now clearly identifiable.

Forecast budget variances

5.7 As part of the Council's Financial Regulations, the Schools Budget is subject to monthly budget monitoring. This involves forecasting likely expenditure and income through to the end of the year, identification of reasons for variations against original budgets, and where relevant, setting out options for management action. This process allows for a forecast year end level of balances to be calculated.

5.8 It is appropriate for the Forum to be aware of the current forecast year end balance as this may need to be taken into account when the 2017-18 budget is agreed, in particular in relation to ensuring that adequate funds are held in reserve to manage potential in-year cost pressures. Furthermore, it is likely that a number of variances identified this year will be on-going and will therefore need to be addressed in next year's budget.

5.9 Provisional budget monitoring information available at the end of July indicates that the Schools Budget will over spend by £0.056m this year. Explanations of the significant changes anticipated from the current budget plan (+/- £0.020m) are set out below, with Annex 1 showing the overall Schools Budget at a summary level.

Schools Block:

LA managed items:

- i. **Pupil behaviour - £0.047m under spend.** A £0.026m saving is forecast against staffing where a number of vacancies have occurred. The move from the Pines Primary Professional Centre to the Bracknell Open Learning Centre is expected to result in £0.021m reduction in premises and accommodation

costs. Part of this under spending will be used to finance £0.030m additional costs being incurred in respect of out of school education for primary aged pupils.

- ii. **Schools in Financial Difficulty - £0.043m under spend.** A separate agenda item sets out details on costs committed to date on this budget. Making an allowance for further allocations to the end of the financial year indicates a potential under spending.
- iii. **PRC/Dismissal costs / Licence Fees / FSM checking - £0.063m over spend.** The most significant budget variance relates to dismissal costs incurred at the end of the academic year from a number of schools that have completed non-teaching staffing re-organisations, with an over spending of £0.054m anticipated.
- iv. **Other Schools Block provisions and support services - £0.147m over spend.** There are 2 significant budget variances being reported in this area of the accounts. Firstly, based on the current forecast pupil numbers on the October 2016 census, in-year growth allowance payments due to schools experiencing significant increases in pupil numbers are forecast at 12, rather than the 8 from a roll forward of October 2015 pupil numbers which was used to calculate the original budget requirement. The revised estimate indicates a year end over spending of £0.090m. Secondly, the on-going school building programme that is required to deliver sufficient school places creates a pressure from increased rates liabilities for which there is no budget provision. The current calculation estimates a pressure in 2016-17 of £0.150m of which £0.096m will be funded from the saving on rates at Brakenhale Academy which now qualifies for charitable rates relief at 80%, which with other minor adjustments, creates an anticipated over spending on rates of £0.045m.

High Needs Block:

Members of the Forum will be aware that budget items v. and vi. below represent the most unpredictable and volatile education budgets that the council is responsible for. Therefore, a significant amount of time is taken in their management. However, they remain subject to significant change at short notice which can result in large movements in cost forecasts. To help manage this volatility, a contingency for future cost increases of £0.2m is included in the forecasts. The contingency amount is reviewed each month and adjusted accordingly. Forecasts reported at this time include confirmed costs for the summer term, with provisional amounts included for autumn and spring which are subject to change until all required placements and their costs are known.

- v. **Maintained schools and academies – £0.137m over spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates £0.137m over spend.
- vi. **Non Maintained Special Schools and Colleges - £0.118m under spend.** The latest schedule of actual top up payments agreed by the SEN Team, together with a forecast for future payments based on expected changes and previous trends indicates £0.118m under spend..
- vii. **Education out of school - £0.021m over spend.** As set out above in note i. there is a £0.030m cost pressure being experienced on supporting primary aged pupils out of school. This is the main variance on this budget line.
- viii. **Other SEN provisions and support services - £0.053m under spend.** There are two budgets that are forecasting significant under spendings; £0.020m on additional medical support for pupils, which is based on current and predicted needs; and £0.035m on occupational therapy where it has recently been confirmed that a provision set aside in the 2015-16 accounts for

a queried account has now been resolved with no cost to BF, thereby creating a one-off saving.

Early Years Block:

- ix. **Other Early Years provisions and support services - £0.087m under spend.** The main change relates to a £0.071m saving at the Children's Resource Centre following bringing the service in house from the Action for Children contract. Most of the saving relates to the recharges previously made by AfC.

Dedicated Schools Grant:

- x. **Dedicated Schools Grant (DSG) - £0.020m over spend.** EFA have recalculated the 2015-16 Early Years Block DSG allocation for the period September 2015 to March 2016 on the validated January 2016 census data. This was confirmed in June and shows £0.020m less grant than the amount anticipated when the 2015-16 accounts were closed. The timing of announcing the actual change in funding means the variance falls into 2016-17.

Schools Budget General Reserve:

- xi. Provisional budget monitoring information indicates that the Schools Budget will over spend by an aggregate £0.056m this year. There is an opening surplus amount of £1.373m in the unallocated Schools Budget General Reserve, which reduces by £0.213m after applying the agreed contribution to the 2016-17 budget. Proposals to transfer £0.4m of unallocated balances into earmarked reserves are made on another agenda item for this meeting, which if supported, would result in a forecast year end surplus on the General Reserve of £0.704m, which would be £0.044m above the £0.660m minimum required level.

2016-17 Education Capital Programme

Approved budget

- 5.10 The current Education Capital budget approved by the council amounts to £42.569m, which represents a significant investment and comprises:
- School place programme and Devolved Formula Capital £39.557m
 - School Planned Maintenance £2.505m
 - ICT projects £0.182m
 - Other projects £0.325m

Annex 2 provides a summary of the approved schemes, including current progress and key targets.

Forecast budget variances

- 5.11 At this stage, spend of £22.019m is anticipated this financial year, with £20.550m slipping into 2017-18 to reflect the phasing of works. In respect of school projects, the follow highlights key achievements on the schemes delivering new school places:
- Development of new primary schools at Amen Corner North and South and Ascot Heath in progress

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- Cranbourne Primary modular replacement and surge class complete
- Work commenced on Great Hollands Primary extension
- New Warfield West Primary School completed and open at September 2016
- Work commenced at Winkfield St Mary's Primary additional class
- Refurbishment work at Easthampstead Secondary School commenced
- Expansion of Edgbarrow Secondary School in design, with conversion of sports centre about to commence
- Masterplan completed for Sandhurst Secondary School redevelopment
- Contract awarded for the construction of Binfield Learning Village

5.12 No variances are being reported as in general, these are recycled within other schemes relating to providing additional school places through the governance of the Education Capital Programme Board, which has head teacher and Executive Member representation.

5.13 However, with the market continuing to tighten significantly and prices increasing, there is an on-going need for reviews of scope to remain within individual project budgets. At this stage, there is expected to be sufficient DfE grant funding and developer contributions plus the approved Council investment in Binfield Learning Village to fully finance the schemes required in the short term, with funding pressure expected to arise over the medium term.

5.14 Due to an urgent and pressing need to complete a substantial number of high cost roof repairs, the planned maintenance programme is also facing pressure in delivering all the works required within available funds. However, a small amount of funds is being held in reserve for emergency works. This pressure is expected to continue into the medium term.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The relevant legal provisions have been considered within the main body of the report.

Borough Treasurer

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

Equalities Impact Assessment

6.3 There are no specific impacts arising from this report.

Strategic Risk Management Issues

6.4 There are a number of risks associated with managing these revenue and capital budgets:

- financial and economic factors, in particular the need to maintain services whilst achieving significant savings;
- the impact of demand led services and the need to forecast changes and reshape service delivery to meet changing needs;

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- staffing and the need to recruit, train and retain staff with the relevant skills and expertise;
- IT infrastructure availability and information accuracy;
- failure to design, monitor and control the implementation of major programmes and projects;
- effective safeguarding of children;
- effective maintenance of assets;
- working effectively with partners, residents, service users, the voluntary sector and local businesses;
- impact of litigation and legislation;

The budget includes resources sufficient to enable the Council to monitor these key risks and where possible to minimise their effects on services. Specific risk reduction measures included as part of budget monitoring are:

- A robust system of budgetary control with regular reporting to CYPL Departmental Management Team and the Corporate Management Team
- Quarterly Service Reports (QSR's) to Members
- Exception reports to the Executive

7 CONSULTATION

7.1 Not applicable.

Background Papers

None.

Contact for further information

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Doc. Ref

G:\Executive\Schools Forum\78) 150916\2016-17 Schools Budget Monitoring etc.doc

2016-17 PROVISIONAL BUDGET MONITORING STATEMENT FOR THE SCHOOLS BUDGET AS AT THE END OF JULY 2016								
Service Area	Approved Budget			Note	Estimated Variance			Note
	Spend	Income	Net		Under spending	Over spending	Net variance	
	£000	£000	£000		£000	£000	£000	
Schools Block								
<u>Delegated and devolved funding:</u>								
Delegated Mainstream School Budgets	63,105	0	63,105	e, f	0	0	0	
School Grant income	0	-9,336	-9,336		0	0	0	
Delegated and devolved funding:	63,105	-9,336	53,769		0	0	0	
<u>LA managed items:</u>								
Retained de-delegated Budgets:								
<i>Behaviour</i>	304	-7	296		-47	0	-47	i
<i>Schools in Financial Difficulty</i>	244	0	244		-43	0	-43	ii
<i>Official Staff Absences</i>	304	0	304		0	10	10	
<i>English as an Additional Language</i>	117	0	117		0	5	5	
<i>PRC / Licence Fees / FSM checking</i>	144	0	144		0	63	63	iii
Combined Service Budgets:								
<i>Education Attainment and School Transport for LAC</i>	176	0	176		-16	32	16	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106		-4	0	-4	
<i>CAF Co-ordinator</i>	42	0	42		0	3	3	
<i>SEN Contract Management</i>	33	0	33		-8	0	-8	
<i>Education Health / Sport</i>	48	0	48		0	0	0	
Other Schools Block provisions and support services	854	0	854	f	-8	155	147	iv
LA managed items:	2,372	-7	2,364		-126	268	142	
Sub total Schools Block	65,477	-9,343	56,133		-126	268	142	
High Needs Block								
Delegated Special Schools Budgets	3,778	-7	3,771		-11	0	-11	
Post 16 SEN grant for Special Schools	0	-500	-500		0	0	0	
Maintained schools and academies	2,421	0	2,421		-66	203	137	v
Non Maintained Special Schools and Colleges	5,945	0	5,944	d	-293	175	-118	vi
Education out of school	1,137	-3	1,134		-25	46	21	vii
Other SEN provisions and support services	1,225	0	1,225		-82	29	-53	viii
Sub total High Needs Block	14,506	-510	13,995		-477	453	-24	
Early Years Block								
Free entitlement to early years education	4,680	-3	4,677	a - c	-104	109	5	
Other Early Years provisions and support services	535	-87	448		-88	1	-87	ix
Sub total Early Years Block	5,215	-90	5,125		-192	110	-82	
Dedicated Schools Grant	0	-75,040	-75,040		0	20	20	x
TOTAL - Schools Budget	85,198	-84,983	213		-795	851	56	
Note on overall balance in Schools Budget:								
Opening unringfenced balance on Schools Budget							-1,373	
2016-17 forecast in-year net variance							56	
Planned use of Reserves in setting 2016-17 budget							213	
Planned transfer to Earmarked Reserves (subject to Schools Forum):								
SEN Unit reserve							100	
New school start-up / diseconomy costs							300	
Net forecast unallocated balance at 31 March 2017							-704	
Amount above £0.66m minimum prudential level of balances							-44	xi

See paragraphs 5.4, 5.5 and 5.9 for an explanation to the notes

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Annex 2

CAPITAL MONITORING 2016/17

Dept: Children, Young People and Learning

As at 31 July 2016

Cost Centre Description	Approved Budget 2016/17 £000's	Cash Budget 2016/17 £000's	Expenditure to Date £000's	Estimated Outturn 2016/17 £000's	Carry Forward 2017/18 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
SCHOOL PROJECTS								
Amen Corner Primary (North)	147.1	147.1	0.0	147.1	0.0	0.0	Detailed design complete	School anticipated from Sep-18
Amen Corner Primary (South)	18.4	18.4	0.2	18.4	0.0	0.0	School/housing programmes match	Developer has outline planning permission for school, negotiating S106
Ascot Heath Schools Relocation	225.6	100.0	2.1	100.0	125.6	0.0	Possible Developer Construct Scheme	Designs being reviewed following public consultation
Birch Hill Primary	0.0	0.0	0.0	0.0	0.0	0.0	Project on hold	Surge classroom on hold, not required for Sep-16, will review for Sep-17
Cranbourne Primary	257.3	257.3	105.7	257.3	0.0	0.0	Final account to be agreed.	Phase 1 complete
Crown Wood Primary	243.2	243.2	0.8	243.2	0.0	0.0	Completed	Completed. Extension of Time claim outstanding
Fox Hill Primary	0.4	0.4	0.4	0.4	0.0	0.0	Surge on hold. Kitchen complete	Surge classroom on hold. Kitchen completed
Great Hollands Primary	4,214.6	2,715.7	828.8	2,715.7	1,498.9	0.0	On site	On site
Harmans Water Primary	0.1	0.0	0.0	0.0	0.1	0.0	Surge classroom open	Surge classroom open
Holly Spring Infant & Junior	40.3	40.3	6.1	40.3	0.0	0.0	Completed	Retentions held
Jennett's Park CE Primary	7.7	7.7	0.0	7.7	0.0	0.0	Additional Classroom in September 2015	Additional Classroom to open Sep-16 (F&E and ICT only)
Meadow Vale Primary	158.2	158.2	0.5	158.2	0.0	0.0	Completed	Extension of Time claim outstanding
Owlsmoor Primary	262.7	262.7	125.2	262.7	0.0	0.0	Completed	Final account to be agreed.
Pines (The) Primary	114.9	50.2	4.2	50.2	64.7	0.0	Phase 1 Completed	Phase 1 Completed
TRL Primary	26.9	26.9	0.0	26.9	0.0	0.0	School/housing programmes match	Awaiting commencement of development which will trigger S106 provisions
Warfield East Primary	22.1	22.1	0.0	22.1	0.0	0.0	School/housing programmes match	Developer in negotiation with planners over draft S106 provisions
Warfield West Primary	629.4	552.2	151.0	552.2	77.2	0.0	On site	Completed & Handed over for opening Sep-16
Wildmoor Heath Primary	79.7	79.7	55.1	79.7	0.0	0.0	Project on hold. Kitchen for Sep-15	Project on hold, pending Broadmoor housing. School Meals Kitchen completed.
Wildridings Primary	0.0	0.0	0.0	0.0	0.0	0.0	Project on hold	Surge classroom on hold, not required for Sep-16, will review for Sep-17
Winkfield St Marys Primary	368.7	368.7	205.4	368.7	0.0	0.0	Completing in August 16	On site
Wooden Hill Primary	15.0	15.0	0.0	15.0	0.0	0.0	Project on hold	Surge classroom on hold, not required for Sep-16, will review for Sep-17
Primary	6,832.3	5,065.8	1,485.5	5,065.8	1,766.5	0.0		
Brakenhale Capacity Works	58.0	58.0	0.0	58.0	0.0	0.0	Phase 4 complete	Phase 4 Complete
Easthampstead Park	1,286.8	786.8	1.8	786.8	500.0	0.0	1 FE expansion Sep' 20	Rufurbishment work commenced
Edgbarrow School Expansion	4,556.2	425.4	75.0	425.4	4,130.8	0.0	In design	In design
Garth Hill College	55.5	55.5	0.0	55.5	0.0	0.0	Completed	Final account to be agreed.
Sandhurst Redevelopment	499.8	499.8	0.0	499.8	0.0	0.0	Masterplan completed	Masterplan completed
Secondary	6,456.3	1,825.5	76.8	1,825.5	4,630.8	0.0		
Eastern Road SEN	44.3	44.3	0.1	44.3	0.0	0.0	Completed	Completed
Special	44.3	44.3	0.1	44.3	0.0	0.0		

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CAPITAL MONITORING 2016/17

Dept: Children, Young People and Learning

As at 31 July 2016

Cost Centre Description	Approved Budget 2016/17 £000's	Cash Budget 2016/17 £000's	Expenditure to Date £000's	Estimated Outturn 2016/17 £000's	Carry Forward 2017/18 £000's	(Under) / Over Spend £000's	Next Target / Explanatory Note	Current status of the project / notes
SCHOOL PROJECTS								
Binfield Learning Village	24,555.2	11,891.3	422.1	11,891.3	12,663.9	0.0	In design	Contract awarded, mobilisation in August 2016
Village	24,555.2	11,891.3	422.1	11,891.3	12,663.9	0.0		
Fees	324.7	324.7	67.3	324.7	0.0	0.0	To be fully spent by March 2015	To be allocated to projects
Basic Need Grant for Allocation	395.6	0.0	0.0	0.0	395.6	0.0	Unallocated grant	Unallocated grant to be c/f to fund future years' projects
Devolved Capital and other funds held by schools	698.2	79.3	79.3	79.3	618.9	0.0	On-going	In progress
Section 106 Developer Contributions	250.0	250.0	0.0	250.0	0.0	0.0	To be allocated to projects	Allocated to projects
RCCO Related School Spend	0.0	0.0	0.0	0.0	0.0	0.0		
Other Schools Related Capital	1,343.8	329.3	79.3	329.3	1,014.5	0.0		
SCHOOL PROJECTS	39,556.6	19,480.9	2,131.1	19,480.9	20,075.7	0.0		
Percentages			10.9%	100.0%		0.0%		
CAPITAL MAINTENANCE / CONDITION								
Planned works	2,505.1	2,405.1	376.4	2,405.1	100.0	0.0	In progress.	Anticipated reduction in programme slippage. Cf is largely committed.
ROLLING PROGRAMME	2,505.1	2,405.1	376.4	2,405.1	100.0	0.0		
Percentages			15.7%	100.0%		0.0%		
OTHER PROJECTS								
Integrated Children's Services	73.1	28.8	28.8	28.8	44.3	0.0	Go live Sep-16	Work ongoing.
Capita One (EMS) Upgrade	18.6	9.7	9.7	9.7	8.9	0.0	Mar-17	Solus upgrade completed. Remaining project elements under review.
CSC ICT Mobile Working	90.7	90.7	56.8	90.7	0.0	0.0	Sep-16	On target for September completion.
ICT projects	182.4	129.2	95.3	129.2	53.2	0.0		
Youth Facilities	95.1	0.0	0.0	0.0	95.1	0.0	Mar-17	Planning for modernisation and ongoing restructuring of the Youth Service.
Retentions - Non Schools	0.0	0.0	0.0	0.0	0.0	0.0		
Multi Agency Safeguarding Hub	13.5	0.0	0.0	0.0	13.5	0.0	In progress	ICT pushed to 16/17. Other works starting in Feb half term.
Places for 2 year olds	84.9	2.5	2.5	2.5	82.4	0.0	In progress	ICT pushed to 16/17. Other works starting in Feb half term.
Priestwood Guide Centre	131.1	1.0	1.0	1.0	130.1	0.0	In progress	Advice received. Works to begin in Feb half term.
Other	229.5	3.5	3.5	3.5	226.0	0.0		
OTHER PROJECTS	507.0	132.7	98.8	132.7	374.3	0.0		
Percentages			74.5%	100.0%		0.0%		
TOTAL CAPITAL PROGRAMME	42,568.7	22,018.7	2,606.3	22,018.7	20,550.0	0.0		
Percentages			11.8%	100.0%		0.0%		

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**TO: SCHOOLS FORUM
15 SEPTEMBER 2016**

**REVIEW OF PROVISION FOR ACADEMY AND SECONDARY SCHOOL
REPRESENTATIVES ON THE SCHOOLS FORUM
Director of Corporate Services**

1 PURPOSE OF REPORT

- 1.1 To seek endorsement of an amendment to the Forum's composition which is intended to bring it in to line with the Schools Forum (England) Regulations 2012 to reflect the proportion of pupils in schools maintained by the Local Authority.

2 RECOMMENDATION(S)

- 2.1 **That the composition of the Bracknell Forest Schools Forum as set out in Appendix A be approved.**
- 2.2 **That the Governing Bodies of the three Academies be asked to confirm their nominee for the Academy Governor vacancy on the Forum.**
- 2.3 **That the Secondary Heads Group be asked to confirm two representatives to the Forum**

3 REASONS FOR RECOMMENDATION(S)

- 3.1 To bring the Forum's Constitution in to line with the Schools Forum (England) Regulations 2012, to reflect changes to academy status and the number of children attending schools in the borough.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None, a review of secondary school and Academy representatives is required to ensure the Bracknell Forest Schools Forum is in keeping with the Schools Forum (England) Regulations 2012.

5 SUPPORTING INFORMATION

- 5.1 From April 2016, Brakenhale School became an Academy. It is therefore suggested that the Forum's Constitution be amended to add an Academy Governor to the allocation of schools representatives, and that the number of Secondary Head Representatives be changed from three to two in order to reflect Brackenahle's change.
- 5.2 Officers undertook a review of school pupil numbers in Bracknell Forest to assess whether the current allocation of seats is broadly proportionate.

- 5.3 There are currently 17 primary and secondary schools members on the Forum:
- 10 Primary (58.8%)
 - 6 Secondary (35%)
 - 1 Academy (5.8%)
- 5.4 The current primary and secondary schools population is:
- Primary 10,316 (59.73%)
 - Secondary 4,822 (27.92%)
 - Primary Academy 202 (1.17%)
 - Secondary Academy 1,931 (11.18%)
- 5.5 These figures suggest that the membership with one fewer Secondary Head representative and one additional Academy Governor appointment will be broadly proportionate to the school population as stipulated in the guidance issued by the Department of Education.
- 5.6 This means that an Academy Governor representative needs to be appointed. Accordingly, it is suggested that the three Academies be asked to nominate a Governor to serve on the Forum.
- 5.7 It is also suggested that the Secondary Heads be asked to nominate two representatives to reflect Brackenhale's transfer to Academy status.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 Nothing to add to the report.

Equalities Impact Assessment

- 6.3 There are no equalities issues raised by this matter as the processes aim to be non-discriminatory.

Strategic Risk Management Issues

- 6.4 There are no strategic risk management issues to be considered.

Other Officers

- 6.5 None.

7 CONSULTATION

Principal Groups Consulted

7.1 None.

Method of Consultation

7.2 None.

Representations Received

7.3 None.

Background Papers

Bracknell Forest Schools Forum Constitution
The Schools Forums (England) Regulations 2012

Contact for further information

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Hannah.stevenson@bracknell-forest.gov.uk

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BRACKNELL FOREST SCHOOLS FORUM

CONSTITUTION

1. BACKGROUND

- 1.1 The Schools Forum was established by virtue of Section 47A of The School Standards and Framework Act 1998 (as amended by the Education Act 2002) which required local authorities to constitute a schools forum. The Forum is operated in accordance with the Schools Forums (England) Regulations 2012. The Forum has a legal identity but is not a corporate body of Bracknell Forest Borough Council.

2. MEMBERSHIP STRUCTURE

2.1 Representative Members

The Forum membership is divided into schools and non-schools members. Schools members will include senior members of school staff and governors. These representatives will reflect the proportion of pupils in primary and secondary schools maintained by the Local Authority as well as representing any local special schools.

- 2.2 Non schools members may constitute a maximum of one third of the total membership of the Forum to represent relevant bodies as defined in the Regulations and shown in the table below which sets out the approved membership of the Schools Forum in terms of representation, broken down into schools and non-schools categories:

Schools Members	Non-schools members
Primary: Senior Staff* 4	Union Representative 1
Governors 4	Church of England Diocese Representative 1
Secondary: Senior Staff 2	Roman Catholic Diocese Representative 1
Governors 2	Early Years PVI Provider Representative 1
Academy Senior Staff: 1	14-19 Partnership 1
Academy Governor: 1	
Special Education	
Governor or senior staff: 1	TOTAL 5
Pupil Referral Unit (PRU) 1	
TOTAL 16	

*Senior staff: This can be the principal, headteacher, assistant head teacher, bursar or person responsible for the financial management of a maintained school.

Education Funding Agency (EFA) observer status will be given at School Forum meetings with the right to participate in discussions. This will enable the EFA to support the local process and to provide a national perspective.

The current membership list is attached to this Constitution at Annex 1.

Term of Office

- 2.3 The table below details the term of office for each type of member once they have been elected/ appointed. Memberships will be valid until the term of office comes to an end or a member resigns or otherwise becomes ineligible for membership. At the end of their term of office, members can stand for re-election from the body they represent. There is no limit to the number of times a member can be re-elected.

Category	Term of office on Schools Forum
Senior Schools Staff	Three academic years
Governors	Three academic years
Non school members	Three academic years
Chairman/Vice-Chairman	One academic year

Elections and nominations of members

- 2.4 When a vacancy arises for a Schools member on the Schools Forum, a replacement will be elected according to the process agreed by the constituents represented by the members of that group or sub-group.

Restrictions on membership

- 2.5 Elected Members who hold an executive role in a Local Authority (a lead member/portfolio holder) are barred from being either a schools member (by virtue of them being a school governor) or a non-schools member. Officers who have a role in the strategic resource management of the authority are also barred from membership of the Forum. Democratic Services can provide advice on the eligibility of nominees, as necessary.
- 2.6 The Executive Member for Children, Young People and Learning at Bracknell Forest Council has the role of Observer at the Schools Forum. The Executive Member will be able to attend public meetings of the Forum and address the meeting when invited to do so by the Chairman however, they will have no formal status and will not be able to participate in voting.

3. TERMS OF REFERENCE

- 3.1 The key functions of the Forum are:

- 1 To agree changes to school funding proposed by Bracknell Forest Council where there is a statutory power for the Forum to make the decision. This currently includes changes to the Scheme for Financing Schools; setting the budget level for the School Specific Contingency; agreeing increases to the centrally managed schools budget when such items are proposed to increase by a greater proportion than budgets delegated to schools; abatement of the Minimum Funding Guarantee if the outcome is not considered appropriate, provided no more than 50% of schools are affected.
- 2 To be consulted upon and make some decisions with regard to the Council's school funding formula – specifically any changes in relation to the factors and criteria, methods, principles and rules used to calculate schools budgets and the financial effects of any proposed changes;

- 3 To be consulted on the terms of any proposed contract for supplies or services (being a contract paid or to be paid out of the authority's schools budget where the estimated value of the proposed contract is not less than the threshold which applies to the authority for that proposed contract pursuant to regulation 8 of the Public Contracts Regulations 2006) at least one month prior to the issue of invitations to tender.
- 4 To be consulted annually in respect of the authority's functions relating to the schools budget, in connection with the following:
 - 1 Arrangements for the education of pupils with special educational needs;
 - 2 Arrangements for the use of pupil referral units and the education of children otherwise than at school;
 - 3 Arrangements for early years provision;
 - 4 Administrative arrangements for the allocation of central government grants paid to schools via the authority.
- 5 To be consulted on any other matters concerning the funding of schools that the Council sees fit.

4. ADMINISTRATION

- 4.1 The Forum is administered by Democratic Services who will notify members of meeting dates, circulate agendas, record and circulate minutes of the proceedings of the Forum's meetings, assist with the election of new members and process members' expenses claims. A record of the composition of the Schools Forum detailing the type of membership (schools/non-schools) and term of office will be maintained by the Clerk to the Schools Forum.

5. CONDUCT OF MEETINGS

Timing and Frequency of Meetings

- 5.1 Meetings of the Forum will take place on at least four occasions per annum.

Quorum

- 5.2 In accordance with the Regulations, 40% of the total current membership (excluding vacancies and observers) will constitute the quorum for Forum meetings and although inquorate meetings may proceed, any resulting advice given to the Council would not have to be taken into account by it.

Substitution

- 5.3 Members of the Forum may nominate substitutes to attend meetings in their place in the event that they are unable to attend themselves. The substitute must represent the same group as the member he/she is substituting. In order for a substitution to be formalised, his/her name must be notified to the clerk to the Forum at least thirty minutes prior to the commencement of the meeting to which the substitution applies.

Voting

- 5.4 Matters before the Forum for consideration shall be determined by voting on an individual basis with members having one vote each. The chairman shall have a second and casting vote in the event that there is an equality of votes cast.
- 5.5 The voting arrangements will be restricted by allowing only schools and Academy members (and the private, voluntary and independent sector - PVI members) to vote on the funding formulae and the de-delegation of certain budgets where this is allowed in the Schools Funding Regulations.

Public Meetings and Papers

- 5.6 Meetings of the Forum shall be open to the press and public and associated agenda papers and minutes shall be available for public inspection except on occasions when it is considered expedient to treat agenda papers with confidentiality and to agree a motion requiring the exclusion of the press and public from meetings. An example of such an occasion is a confidentiality issue surrounding individual schools' budgets.

Declarations of Interest

- 5.7 Members are required to declare at meetings of the Forum any interest they may have in the business to be conducted at that meeting. The Forum will determine whether the declared interest is of a significant nature and the declarer's withdrawal from the meeting during the consideration of that issue is necessary.
- 5.8 If members have an interest in a financial matter to be discussed at the meeting AND it is specifically in relation to their school, they should not participate in the discussion or any vote taken on the matter. If members have an interest in a contract matter to be discussed at the meeting, for example, in relation to their school, they should withdraw from the meeting for the entirety of this item.
- 5.9 If members have an 'Affected Interest' in an item of business to be discussed at the meeting, they should not participate in any voting on the matter and the Forum will determine if the declarer's withdrawal from the meeting is necessary for the duration of the item. An Affected Interest in a matter is if a decision in relation to that matter might reasonably be regarded as affecting the financial position of an Affected Person and / or prejudice their judgement with regard to decision making. Affected persons are: members; their spouse / partner; parents, grandparents, children, and grandchildren of members and their spouse / partner.

Chairmanship/Vice Chairmanship

- 5.10 The Forum shall elect a chairman and vice chairman both of whom must be from amongst its own members, by a majority of votes cast on an annual basis at the first meeting in the academic year. Any non-executive elected member or eligible officer who is a member of a forum may not hold the office of chair.

Sub Groups

- 5.11 The Forum may establish sub groups and/or working groups on an ad hoc basis, however, any advice arising from these sub groups shall be approved by the Forum as a whole before being passed to the LA.

Right of Attendance

- 5.12 In addition to members, substitute members and officers in attendance, the press, public, other officers of the Council and any teachers or governors wishing to attend meetings of the Forum shall be able to do so except in the event that a motion is agreed to the contrary. The authority may also ask other observers to attend Schools Forum meetings, for example, expert advisors on relevant issues or any other body to attend as an observer.

Urgent Business

- 5.13 Where there is a genuine business need for a decision or formal view to be expressed by the Forum before the next scheduled meeting, the authority may call an unscheduled meeting or alternatively, the Clerk to the Schools Forum will collate opinions from all members via email correspondence and a consensus decision or formal view will be formulated in consultation with the chairman.

6 FORUM BUDGET / MEMBERS' EXPENSES

Forum Budget

- 6.1 Each year the Forum is required to agree its budget for the forthcoming year on the basis of the anticipated number of meetings to be held that year and the estimated direct costs associated with holding meetings of the Forum.

Members' Expenses

- 6.2 The Council will reimburse all reasonable expenses incurred by members in connection with attendance at meetings of the Forum or in connection with the business of the Forum, including attending other meetings or training courses/conferences.

**PROPOSED MEMBERSHIP OF THE BRACKNELL FOREST SCHOOLS FORUM
(from September 2016)**

SCHOOLS MEMBERS:**Primary Representatives: (4)** *Appointed by nomination of Primary Heads group*

Karen Davies, Whitegrove Primary School
 Trudi Sammons, College Town Infants and Nursery
 Liz Cole, Owlsmoor Primary School
 Grant Strudley, Wildmoor Heath Primary School

Primary Governors: (4) *Appointed from all Primary Governors, by election where needed*

John Throssell, Crown Wood Primary School
 Sue Barber, Winkfield St Mary's C of E Primary School
 Dr Keith Stapylton, Great Hollands Primary School
 Vacancy

Secondary Representatives: (2) *Appointed by nomination of Secondary Heads group*

Keith Grainger, Garth Hill College
 Debbie Smith, Sandhurst School

Secondary Governors: (2) *Appointed from all Secondary Governors, by election where needed*

Brian Fries, Easthampstead Park Secondary School
 Vacancy

Academy Representative: (1)

Beverley Stevens, Ranelagh School

Academy Governor: (1)

Vacancy

Special Education Representatives: (1) *Appointed from Special School Governors*

Anne Shillcock, Kennel Lane School

Pupil Referral Unit (PRU) Representative: (1)

Martin Gocke, College Hall PRU

NON-SCHOOLS MEMBERS:**Union Representative: (1)**

George Clement,

Church of England Diocese Representative: (1)

Vacancy

Roman Catholic Diocese Representative: (1)

Vacancy

14-19 partnership (1)

Vacancy

PVI providers (1)

Kate Sillett

	<u>Membership as at July 2016</u>				<u>Membership proposed from September 2016</u>				
	Head Teacher	School Governor	Total	%	October 2015 Pupil Numbers	Head Teacher	School Governor	Total	%
<u>Schools members</u>									
Primary maintained	5	5	10		10,316	59.73%	4	4	8
Secondary maintained	3	3	6		4,822	27.92%	2	2	4
<u>Academy members</u>									
Secondary academy	1	0	1		1,931	11.18%	1	1	2
Primary academy					202	1.17%			
Special school			1						1
Pupil Referral Unit			1						1
Total Schools members			<u>19</u>	79.17%				<u>16</u>	76.19%
<u>Non-schools members</u>									
16-19 Provider			1						1
Early Years Provider			1						1
Diocese Representative (Roman Catholic)			1						1
Diocese Representative (Church of England)			1						1
Trades Union			1						1
Total non-school members			<u>5</u>	20.83%				<u>5</u>	23.81%
Total members			<u><u>24</u></u>	100.00%				<u><u>21</u></u>	100.00%

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Schools forums structure

A summary of the structure of schools forums.

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Category	Schools members	Academies members	Non-school members
Represented groups	<p>Where the LA maintains the following types of school, they must be represented on the schools forum:</p> <ul style="list-style-type: none"> • Primary Schools • Secondary Schools • Special Schools • Nursery Schools • PRUs 	<p>At least one academies member must be a representative of mainstream academies, which includes free schools, UTCs and Studio Schools. In addition, there must be one member for each of the following groups (if such exist in the LA area):</p> <ul style="list-style-type: none"> • Special academies, including free schools • Alternative provision academies, including free schools 	<p>16-19 providers</p> <p>Early years Private, Voluntary and Independent (PVI) providers</p> <p>Before considering other groups, the LA must consider diocesan representation</p>

Category	Schools members	Academies members	Non-school members
Type of member	<p>Within each of the five groups above there could be the following types of member:</p> <ul style="list-style-type: none"> • Headteachers (or their representative) • Governors • Headteachers and Governors • In overall terms there must be at least one headteacher (or their representative) and one governor 	Any	Any
Schools forum structure	<p>Schools members and academies members must comprise at least 2/3rds of the schools forum membership</p> <p>Primary schools, secondary schools and academies must be broadly proportionately represented on schools forum, based on the total number of pupils registered at them</p>	<p>Schools members and academies members must comprise at least 2/3rds of the schools forum membership</p> <p>Primary schools, secondary schools and academies must be broadly proportionately represented on schools forum, based on the total number of pupils registered at them</p>	
Voting	Only primary representatives can	No voting on de-delegation or the	No voting on de-delegation or the

Category	Schools members	Academies members	Non-school members
	<p>vote on primary school de-delegation</p> <p>Only secondary representatives can vote on secondary school de-delegation</p> <p>All schools members can vote on the scheme for financing schools</p> <p>All schools members can vote on any other schools forum business, including the consultation on the funding formula</p>	<p>scheme for financing schools</p> <p>All academies members can vote on any other schools forum business, including the consultation on the funding formula</p>	<p>scheme for financing schools</p> <p>Only PVI representatives can vote on the consultation on the funding formula.</p> <p>All non-school members can vote on any other schools forum business</p>
Elected by	<p>The relevant sub-group of the relevant type of school e.g. primary school governor representatives are elected by the governors of primary schools, secondary school headteachers are elected by the headteachers of secondary schools.</p>	<p>The relevant proprietors of academies elect for their group, e.g. mainstream academies, special academies and alternative provision academies</p>	<p>Election only applies to the representative for the 16-19 providers, who is elected by all eligible 16-19 providers</p>
LA appointment of members	<p>Only if no election takes place by the agreed date or in the event of a tie</p>	<p>Only if no election takes place by the agreed date or in the event of a tie</p>	<p>Can appoint a 16-19 representative only if no election takes place by the agreed date or in the event of a tie</p> <p>For all other non-schools members</p>

Category	Schools members	Academies members	Non-school members
			the LA appoints, but it is good practice to seek nominations from the relevant bodies

Other attendees who are permitted to contribute to a schools forum meeting:

- An observer appointed by the Secretary of State
- The Chief Financial Officer
- The Director of Children’s Services
- Officers providing financial & technical advice to schools forum
- The Executive Member for Children’s Services
- Presenters (restricted to the paper they are presenting)
- The Executive Member with responsibility for resources

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