

NOTICE OF MEETING

Schools Forum

Thursday 20 September 2018, 4.30 pm

**Room 8 Ground Floor South - Time Square, Market Street, Bracknell,
RG12 1JD**

To: The Schools Forum

Schools Members:

Martin Gocke, Pupil Referral Unit Representative (Governor) (Vice-Chairman)
Liz Cole, Primary School Representative (Headteacher)
Jane Coley, Academy School Representative (Headteacher)
Karen Davis, Primary School Representative (Headteacher)
Neil Davies, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Keith Grainger, Secondary School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)
Andrew Taylor, Primary School Representative (Governor)
Two Vacancies, Academy Governor Representatives
Two Vacancies, Primary School Representatives (Governors)
Two Vacancies, Secondary School Representatives (Governors)
One Vacancy, Independent Chair

Non-Schools Members

Dominic Asater, 16-19 Partnership Representative
Michelle Tuddenham, PVI Provider Representative
Greg Wilton, Teacher Union Representative
One Vacancy, Diocese Representative

Gill Vickers
Executive Director: Delivery

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If you require further information, please contact: Derek Morgan
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Published: 12 September 2018

Schools Forum

Thursday 20 September 2018, 4.30 pm

**Room 8 Ground Floor South - Time Square, Market Street, Bracknell,
RG12 1JD**

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

AGENDA

Page No

1. **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**

Members are asked to declare any disclosable pecuniary or affected interests in respect of any matter to be considered at this meeting.

Any Member with a Disclosable Pecuniary 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 Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

Any Member with an affected Interest in a matter must disclose the interest to the meeting. There is no requirement to withdraw from the meeting when the interest is only an affected interest, but the Monitoring Officer should be notified of the interest, if not previously notified of it, within 28 days of the meeting.

5. **Minutes and Matters Arising**

To approve as a correct record the minutes of the meeting of 21 June 2018.

5 - 14

6. **Consideration of Academy School Membership on the Forum**

To consider the appropriate academy representation on the Forum.

7. **School and Education Funding for 2019-20: Preliminary Information**

To update the Forum on the latest government announcements on school funding and to consider some initial matters that will need to be considered as part of the 2019-20 budget setting process.

15 - 44

8. **Arrangements for Additional Financial Support to Schools** 45 - 62
To seek agreement from the Forum in respect of proposals for additional financial support to schools, in particular, approval of new applications for licensed deficit arrangements.
9. **The Schools Budget - 2018-19 Budget Monitoring** 63 - 72
To provide the Forum with an update on the 2018-19 forecast budget monitoring position for the Schools Budget, for it to be aware of key issues and management actions being taken and progress to date on the Education Capital Programme.
10. **Dates of Future Meetings**
The next meetings of the Forum are scheduled to take place at 4.30pm on:

18 October 2018
6 December 2018
17 January 2019
14 March 2019

A briefing for members of the Forum will take place at 3.30pm before each of the meetings.

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**SCHOOLS FORUM
21 JUNE 2018
4.30 - 6.45 PM**

Schools' Members

Martin Gocke, Pupil Referral Unit Representative (Governor) (Vice-Chairman)
Neil Davies, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Keith Grainger, Secondary School Representative (Headteacher)
Roger Prew, Primary School Representative (Governor)
Debbie Smith, Secondary School Representative (Headteacher)
Val Woods, Primary School Representative (Governor)

Non-Schools' Members:

Michelle Tuddenham, PVI Provider Representative (Co-Optee)

Observer:

Councillor Dr Gareth Barnard, Executive Member for Children, Young People & Learning
(Observer)

Also Present:

Paul Clark, Resources
Graham Symonds, Children, Young People & Learning
Chris Taylor, Children, Young People & Learning

Apologies for absence were received from:

David Cook, Independent Representative
Liz Cole, Primary School Representative (Headteacher)
Karen Davis, Primary School Representative (Headteacher)
Rhona Stainthorp, Primary School Representative (Governor)
Dominic Asater, 16-19 Partnership Representative

49. Declarations of Interest

Neil Davies and Martin Gocke declared an interest in item 8.

50. Minutes and Matters Arising

The minutes of the meeting of the Forum held on 15 March 2018 were approved and signed by the Chairman as a correct record.

Arising on the minutes, the Forum was advised that:

- School performance data was to be scrutinised at the School Improvement Reference Group and the School Improvement Accountability Board rather than this Forum as they had responsibility for performance whilst this Forum should focus on finance.
- 67% had supported changes to Early Years' Funding.

- Frank Glennon would send a link to the SEN Action Plan on the Council's web site to members of the Forum and ensure future revisions to the SEN Strategy document included the correct title for Rise@GHC ASD Unit.
- Budget papers would be provided earlier than in previous years to enable more scrutiny.
- The survey on behavioural issues which had gone out to all schools after Easter was being analysed, and the results were to be circulated before the end of term.
- Kennel Lane School was now full to capacity and the intended Early Opportunities initiative could not now proceed but the SEN team was looking at other options to integrate SEN pupils in mainstream schools which may also be better for them as they were likely to be closer to home.

51. **Revisions to the Terms of the Local Funding Agreement in place with Providers delivering Free Places for 2, 3 and 4 year olds**

The Forum considered a report seeking approval to proposed changes to the local funding agreement. The local funding agreement, which providers needed to comply with in order to receive funding for delivering free places for 2, 3 and 4 year olds was revised annually to ensure that the terms and conditions met the latest statutory guidance to local authorities and took account of learning from the previous year. A number of changes had been proposed to ensure that eligible children could readily access their entitlement in safe, high quality settings that met the statutory requirements, were understood by all parties and maximised efficiency of operation.

The main changes proposed were that:

1. A new section '30 Hours Eligibility Explained' had been inserted which aimed to clarify the rules around 30 hours eligibility codes.
2. To assist with the checking of the 30 hours eligibility in advance of a child taking up their place, and to harmonise procedures across all providers, maintained and academy nursery classes would need to complete a termly estimate funding claim from the spring term forecast claim (30 November 2018).
3. Where additional administrative resource was required, it was proposed that the Council should have the discretion to charge an administration fee of £16.50 per hour if:
 - a provider missed the submission deadline for a funding claim, or
 - a submission contained substantial omissions, or
 - a submission contained substantial errors

The Forum was advised that some feedback had been received from an early years' representative but had raised no concerns. The Forum was, however, concerned about the additional administrative fee of £16.50 per hour but agreed that this would be acceptable, as long as it was capped to no more than the cost of an extra three hours' work.

RESOLVED that the revised Provider Agreement for Funding Free Places for 2, 3 and 4 Year Olds (Annex A of the Director of Children, Young People & Learning's report), be approved for implementation from September 2018.

52. **School Places**

The Forum considered a report providing updates on surplus and deficit school places for the September 2018 intake; pupil forecasts going forwards and the allocations and appeals process, in particular, for Kings Academy Binfield.

Chris Taylor and Graham Symonds joined the Forum to make a presentation to highlight some of the key issues in the report around school place planning including the strategic planning options to be considered as demand grew.

The Forum was advised that Bracknell Forest had experienced a period of sustained growth in pupil numbers across the Borough, with the following rises over the last eight years between 2009 to 2017 by:

- Primary 1,762 or 21%
- Secondary 585 or 9%

Sufficient places had been provided over this period through a sustained programme of capital investment. Over £125m had been invested in creating additional capacity into the school estate over this period, drawn from a combination of Council funding, developer contributions and external grants.

Forecast growth in the short to medium term in the five year 2018/24 School Places Plan suggested that based on current pupil yield factors for new housing, numbers could increase by up to:

- Primary 1,441 or 14%
- Secondary 1,523 or 22%

Forecast growth in the long term (15 years) was dependent on whether the Council adopted a new Local Plan, but assuming this was adopted, it was estimated there could be potentially up to 12,550 new dwellings built across the Borough between 2018 and 2034. Based on current pupil yield factors, pupil numbers could be expected to rise by up to:

- Primary 3,865 or 38%
- Secondary 2,875 or 41%

Future housing remained the greatest factor in the growth in pupil numbers, however despite the increase in house building, there was now also a fall in the birth rate.

Bracknell Forest was experiencing a population bulge currently moving up from primary to secondary, which was also being experienced by other local authorities across the South East. This bulge had been met by a programme of expanding existing schools whilst planning for new schools. With the arrival of the new schools, the picture was changing and moving from managing a scarcity of places to managing the introduction of surplus places as the new schools came on stream in advance of completion of housing developments that are expected to fill up the schools.

The main points made during the presentation and subsequent discussion were that:

- There were now surpluses in both primary and secondary places.
- Primary numbers would continue to rise as too would secondary numbers but at a greater rate.
- Housing pupil yield rates were amongst the highest in the South East.
- Demand could be met by school, by organisational area or on a borough-wide basis.
- The expansion of a school could take up to seven years.
- Secondary forecasts were generally good.
- Primary forecasts for September 2018 had not been as good as usual but it was not clear whether it was just a blip.
- The 10% difference between the primary forecast and actual numbers may be because of the economic environment but efforts were being made to identify the reasons for and address the gap with a view to achieving more accuracy.
- House building numbers which had an important role in the forecasting process were dependent on the developers building at the rates anticipated.
- By 2024 all schools would be full if current forecasts were correct, but if they were not, a large number could be below PAN as at present and facing significant financial challenges.
- To address the primary number inaccuracies, the officers were looking at the assumptions and the data going into the models.
- There was flexibility in the system to address any ongoing fluctuations in the forecasts including delaying building new schools, building them smaller or not building them at all, but the current year's variance was greater than usual.
- The wisdom of delivering 1FE schools was challenged when they were more expensive to run.
- The 1FE model had come in for more scrutiny recently due to the concerns around viability and cost and 1FE schools were only likely to be delivered in the future if there was no other option.
- Kings Academy Binfield and Amen Corner North would not have two heads but be run by one head.
- The Council was working on making schools more viable and less vulnerable.
- Demand for special school places was being reviewed as 37% were being exported out of borough which may not be best for them.
- The School Places Plan was updated annually and formally approved by the Executive following appropriate consultation with interested parties.

There was a general consensus amongst the school representatives that Binfield Learning Village had arrived too early and, as a result, had created a problem for existing schools which were now facing below PAN numbers and losing funding as a result. In response to this, the Forum was advised that the Council would not want to create more surplus capacity. There were potential school sites identified in areas of new development, but they were not committed and would not be committed unless the demand was there. Prudence, however, dictated that the Council should make provision for the projected numbers. Sites set aside for new schools could be returned to developers if not required. Shorter term forecasting was more accurate but there was a need to look at the longer term too.

In noting the Plan, the Forum expressed concern that the current position was adversely impacting on current pupils due to the financial pressures being created by the surplus of places caused by the delivery of new schools for which there did not appear to be sufficient demand.

The Forum noted:

- 1 Surplus and deficit school places for the September 2018 intake.
- 2 Pupil forecasts in the 2018-24 School Places Plan going forwards.
- 3 The allocations and appeals processes, in particular for Kings Academy Binfield.

53. **Update on Potential Changes to the Start-up and Diseconomy Funding Policy for New and Expanding Schools**

The Forum considered a report updating it on the development of the Start-up and Diseconomy Funding Policy for New and Expanding Schools that were expected to be required for 2019-20 which built on the on-going experiences and lessons learnt to date through the school places programme.

The Forum was advised that supporting new and expanding schools in the initial years after they opened, often with relatively low numbers of pupils as housing developments continued but not necessarily at the anticipated rate, could require significant amounts of additional financial support over a number of years. As more schools opened, more experience was gained and the policy therefore needed regular update to remain appropriate for the prevailing circumstances. Three changes were proposed for 2019-20:

1. To add a new category for one-off pre-opening start up costs to recognise synergies and other benefits that arise when a group of schools were opening simultaneously by the same provider. This new category would be funded at around £0.050m which was a 50% reduction on the amount included in the current policy for other new primary academy schools.
2. To update the funding model to reflect the increase in national rates in 2019-20 from £3,300 to £3,600 for primary aged pupils and from £4,600 to £4,800 for secondary aged pupils, the cost of which was reflected in the DfE funding settlement.
3. To add a new post-opening revenue grant allocation of £250 per primary aged pupil and £500 per secondary aged pupil to recognise that new schools experienced initial high costs of stocking up with general resources which the day-to-day budget allocation did not recognise.

These changes would result in estimated additional costs of £0.045m in 2019-20 and £0.163m in 2020-21, although the pace of housing developments would impact on this.

The Forum reiterated the concerns expressed during the previous discussion. It was suggested that it was like a perfect storm. There was going to be a period of uncertainty during which there would be more places than pupils at a time of existing financial constraint which was being compounded by the loss of funding due to the loss of pupil numbers in existing schools

It was acknowledged that it was difficult to be objective when members of the Forum's schools were directly affected as they were losing funding to the new school, not only as a result of potential future top-slicing, but also reduced funding due to the fact that they were below PAN. However, the Forum accepted that what was being proposed was reflective of the Department for Education's guidance which made rejecting it difficult. However, it was agreed that the Council should look at how it could provide additional support for the schools which were being adversely affected by the opening of new schools.

RESOLVED that:

1. The changes to the new and expanding schools funding policy be incorporated into the draft 2019-20 policy;
2. Confirmation be given to Kings Group Academy that final funding allocations for 2019-20 were expected to be in accordance with the new policy.
3. The Schools Forum expresses its ongoing concern to the Council and Executive Member for Children, Young People & Learning about the serious adverse impact on existing schools of the delivery of new schools when there is a significant surplus of places, and requests that urgent consideration be given to ways of mitigating the adverse impact by providing additional financial support to those schools which were facing additional budgetary pressures as a result of the loss of funding due to a drop in pupil numbers..

54. 2017/18 Provisional Outturn on the Schools Budget

The Forum considered a report on the provisional outturn on the 2017/18 Schools Budget, including the allocation of balances and the use of Earmarked Reserves.

The Forum was advised that the main trends from previous years were continuing, primarily around the reduction in aggregate school surplus balances, although the rate of reduction had slowed considerably, and the significant under-spending on High Needs Budgets where overall cost increases were lower than previously expected, generally as a result of improved commissioning, vigorous reviewing of provider costs and a lower increase in numbers of students.

Whilst overall the Council-managed elements of the Schools Budget continued to under spend, there was a known substantial future cost pressure that would arise from diseconomy funding for new and expanding schools. To minimise the resultant financial impact on future budgets, it was proposed to adopt a strategy of transferring relevant under spendings into the New school start up/diseconomies reserve for draw down when required. Accordingly, a transfer of £1.171m was being proposed.

The Forum formally noted:

- 1 The outturn expenditure for 2017-18, subject to audit, showed net income of £1.052m which represented an under-spending of £1.325m before allocation of reserves and balances;
- 2 After transfers to and from earmarked reserves, the Schools Budget had under spent by £1.335m;
- 3 The main reasons for budget variances;
- 4 As at 31 March 2018, the aggregate surplus on balances and Earmarked Reserves within the Schools Budget amounted to £5.818m;
- 5 The previously agreed transfers to and from Earmarked Reserves;
- 6 The transfers to and from balances and Earmarked Reserves processed as part of the accounts closedown process;
- 7 As at 31 March 2018, the £1.994m surplus balance on the Schools Budget General Reserve.

The Forum was advised that, taking account of the proposals in the report, balances and Earmarked Reserves held in the Schools Budget were considered sufficient to meet future and the immediate known cost pressures from local factors, although other pressures would arise from national factors, of which the actual cost, and availability of new resources to fund them was not known. This included any impacts from the national school funding reforms, in particular relating to funding councils for new and expanding schools, where final decisions had yet to be made.

Whilst the Forum was generally supportive of using the underspend to support alternative provision, there was a request to provide the Forum with evidence of how funding was being used to turn the Council's vision for supporting vulnerable pupils into reality. In response to this, the Forum was advised that the Council was in the process of determining what needed to be commissioned to help young people with additional needs. It was accepted that the Council was not yet where it wanted to be and therefore it needed to ensure that it made the best use of the additional funding to achieve its vision. As it was noted that decisions on the use of the surplus balance would not need to be made until the autumn, it was agreed that the decision on how to reallocate this funding should be deferred until it was clearer whether there would be greater value in using the money to support the developing SEN programme or to help address the start-up and diseconomy funding issues already discussed.

55. **2017-18 Balances held by Maintained Schools**

The Forum considered a report on the level of balances held by maintained schools as at 31 March 2018, how these compared to the previous financial year and inviting it to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget. Balances held by academy schools were not part of the Council's accounts and were therefore excluded from the report.

The Forum was advised that, whilst aggregate surplus balances held by schools continued to decline, the rate of reduction had noticeably slowed with a 7.3% draw down in 2017-18 compared to 40.3% in the previous year. At 2.8% of annual income, average surplus balances had reduced from 2.9%. 3% was considered the minimum balance to hold to be able to safely manage unforeseen in-year pressures. Within

the average 2.8% surplus, there were a number of schools with deficit balances, with the most significant amounts, those above 5% and being held by 2 secondary schools, funded through approved loans that were subject to annual review.

A number of schools were holding significant surplus balances, all of which were considered to meet the eligibility criteria for retention by schools as set out in the approved policy. One school retained a surplus above the maximum permitted within the scheme.

Schools were also permitted to retain unspent balances arising from capital related budgets.

The Forum was advised that schools continued to show resilience to the difficult economic climate which indicated good cost control and financial planning although surplus balances continued to reduce and the value and number of loan requests had increased significantly over the last 4 years. This indicated challenging circumstances, in particular for secondary schools.

Whilst the Forum was generally supportive of the schools retaining the balances, it was suggested that there was a need to look very closely at the balances being held and get them to demonstrate that the money had been used as planned.

The Forum formally noted that:

- 1 At £1.541m, aggregate surplus balances continued to decline, with an in-year reduction of -£0.167m (-7.3%);
- 2 Significant surplus school balances had increased by £0.058m (13.8%);
- 3 At 2.8%, average balances were considered to be below the level required for working balances to cover unforeseen circumstances and therefore an increased risk existed of schools over spending their budgets.

RESOLVED that:

- 1 All of the significant surplus balances held by schools had been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back.
- 2 That none of the £0.072m surplus balance currently held above the 16% limit by Sandy Lane Primary School should be removed.
- 3 That the Director of Children, Young People & Learning be asked to advise the schools that retention of the balances had been agreed on the basis that the funding would be used for the purposes outlined and that each would be required to demonstrate that the funding had been so applied.

56. 2017-18 Funding Allocations to Schools from Budgets Centrally managed by Bracknell Forest Council

The Forum considered a report on the in-year allocation of funds to schools through School Specific Contingencies and other centrally managed budgets that were funded from the Dedicated Schools Grant and in the first instance centrally managed by the council. It also presented the opportunity to amend existing funding policies.

The funds used to provide targeted support to schools meeting qualifying criteria had been £0.410m in 2017/18. This helped to fund unpredictable and sometimes significant additional costs that only a small number of schools faced and which the simplified funding formula lacked the required sensitivities to address.

In general, the associated policies that provided consistency and transparency of operation were considered appropriate and fit for purpose, with one discretionary change now being proposed along with required text updates to reflect minor updates to text contained in Department for Education Funding Regulations.

The Forum noted the following funding allocations to schools, made in accordance with approved policies:

1. £0.052m for significant in-year increases in pupil numbers;
2. £0.016m for schools required to meet the Key Stage 1 Class Size regulations;
3. £0.157m for new and expanding schools;
4. £0.053m for schools with a disproportionate number of SEN pupils;
5. £0.122m for schools in financial difficulty;
6. £0.010m from the general schools contingency.

The Forum expressed some concern that the proposal to grant retrospective growth could set a precedent. However, it was stressed that this was rectifying an oversight and that this was also being addressed in the changes to the policy. As such it would not be setting an unfortunate precedent.

RESOLVED that:

- 1 The amended policy text for 2018-19 relating to allocations to schools experiencing significant in-year increases in pupil numbers (Annex 1 to the Director of Children, Young People & Learning's report) be approved;
- 2 The existing policy text on funds used to distribute centrally managed funds to schools should continue unchanged on all other funds (Annexes 3, 6, 8);
- 3 To correct an oversight, an in-year growth allowance of £0.026m should be paid to College Town Junior School to reflect the specific circumstances experienced by Infant and Junior Schools that the current policy did not recognise but was being addressed in the new policy .

57. **School Loan Scheme: responding to Government Policy Change**

The Forum considered a report on the outcome of the recent consultation with schools on proposals to replace the existing Bracknell Forest school loan scheme with an equivalent licensed deficit arrangement. The consultation was required to reflect changes to the current permitted criteria for agreeing loans recently made by the Department for Education and to consider ways of increasing the capacity available to the council to support schools with medium term cash flow shortages.

The Forum noted the views submitted by schools.

RESOLVED that in accordance with the majority views of schools as expressed through responses to the financial consultation, the Scheme for Financing Schools be amended as follows:

- 1 A licensed deficit scheme be introduced.

- 2 The licensed deficit scheme set out in Annex D of the consultation document be introduced.
- 3 The loan scheme set out in Annex E of the consultation document be introduced.
- 4 Should any licenced deficit remain following a school conversion to an academy, that it be financed from within the centrally managed Schools Budget.
- 5 Advances through the licensed deficit and loan schemes in aggregate be capped at 40% of overall balances held in the Schools Budget i.e. those held by schools and also those managed by the council on behalf of schools.

58. **Dates of Future Meetings**

The Forum noted that further meetings of the Forum were due to be held at 4.30pm on the following dates:

5 July 2018
20 September 2018
18 October 2018
6 December 2018
17 January 2018
14 March 2019

CHAIRMAN

TO: SCHOOLS FORUM
DATE: 20 SEPTEMBER 2018

**SCHOOL AND EDUCATION FUNDING FOR 2019-20:
PRELIMINARY INFORMATION
Executive Director of People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Schools Forum on the latest government announcements on school funding and to consider some initial matters that will need to be considered as part of the 2019-20 budget setting process. It builds on a number of previous briefings and decisions and incorporates the Department for Education's (DfE) technical paper *Schools Revenue Funding 2019 to 2020 Operational Guidance*.

2 EXECUTIVE SUMMARY

- 2.1 The Department for Education are in the process of implementing national funding reforms for schools and education with the introduction of a new national funding formula to distribute funds to LAs via the ring-fenced Dedicated Schools Grant (DSG). This is based on a further formula that will eventually have to be used to distribute funds to individual schools – the School National Funding Formula (SNFF).
- 2.2 The SNFF will contain uniform units of resource which will be paid at the same value for every school in the country, other than where an area cost adjustment is added to reflect specific, geographic costs – BF receives a 5.61% local area uplift. To minimise the impact on individual school budgets, the new framework is being introduced on a phased basis and is expected to be fully implemented from April 2021 at which point there will be a much more limited role for LAs in determining budget allocations for their local schools.
- 2.3 The reforms to the funding framework will be accompanied with additional funding. Initially this was announced at an extra £500m, but this was subsequently increased by a further £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. Budgets beyond 2020 will be confirmed in the next spending review.
- 2.4 The key elements of the new funding system are:
1. the basic amount that every pupil will attract in 2018-19 and 2019-20 will increase from 2017-18 levels.
 2. in calculating LA funding allocations through the aggregation of individual school budgets on the SNFF, there will be gains of up to 3% a year per pupil, with every school receiving at least a 0.5% a year per pupil cash increase.
 3. there will be minimum per pupil funding rates in 2019-20 for primary schools of £3,500 and secondaries of £4,800. Meeting these minimum rates is outside the 3% cap set out above, meaning some schools will exceed the maximum 6% two year increase.
- 2.5 The DfE has recently issued financial information to LAs to aid budget planning for 2019-20 and the early emerging issues are being reported now. The council is seeking views from the Forum as to how the budget should be built and whether any specific questions should be asked of schools through an autumn term financial consultation.

- 2.6 Before taking account of any potential increases in pupil numbers, provisional calculations indicate that per pupil funding for BF schools will increase by 2.4% next year (circa £1.529m) as further gains are experienced as the transitional funding arrangements move on one more year.
- 2.7 A small number of pressures have also been identified, most notably in respect of the widely known additional support required by new schools to fund diseconomy costs which is provisionally estimated at £1.3m. A joint funding proposal for these costs between the council and schools, including general unallocated balances held in the central Schools Budget, will be considered by the Executive in October.

3 RECOMMENDATIONS

- 3.1 **In order to aid planning for the 2019-20 budget for schools, to AGREE the proposed approach to setting the 2019-20 Schools Budget as set out in paragraph 6.50, and in particular to:**
- a. **ensure each school's budget closely matches the funding allocations made through the SNFF.**
 - b. **consult with schools to gather views on on-going 'de-delegation' and the continuation of the £20 per pupil contribution to education related statutory and regulatory duties.**
 - c. **only fund pressures (subject to sufficient resources) where it is included in the financial settlement from the DfE, represents a statutory requirement or a local priority.**
 - d. **confirm on-going central retention by the council of the budgets permitted by the DfE, as set out in Annex 2.**
- 3.2 **To NOTE that:**
- a. **the Council's Executive will consider a joint funding proposal with schools to meet the diseconomy funding costs arising as a result of the new school building programme and that this will have a significant impact on how the Schools Budget is funded.**
 - b. **a review of pupil and place planning forecasting arrangements is to be undertaken by an independent, external specialist.**
 - c. **initial budget proposals for High Needs and Early Years services will be presented to the Forum in December, when more up to date budget information is available.**

4 REASONS FOR RECOMMENDATIONS

- 4.1 To gather views from the Forum on the key budget issues known at this stage and to agree the outline content for the formal financial consultation with schools on the development of the 2019-20 budget.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 A number of options will be considered as part of the budget setting process.

6 SUPPORTING INFORMATION

Background

- 6.1 The Forum has been kept up to date on the planned national reforms of school and education funding with regular briefings and has been actively involved in deciding the approach to be taken in moving school budgets from the current position in BF to what will be required as the new funding framework is implemented. The following paragraphs therefore present a reminder of the key changes and how the 2018-19 budget was set locally.
- 6.2 Proposals for reforming school and education funding, most notably through the introduction of a SNFF, were initially announced by the government in March 2016 and are now being implemented on a phased basis. The SNFF has been in place since April 2018, from which point LAs received funding for schools in their area on the new national formula, but in order to aid a smooth transition to the SNFF, retained the freedom to calculate individual school budgets for 2 more years through to the end of 2019-20, within the parameters of DfE School Funding Regulations. The DfE refer to this approach as LAs running a “soft SNFF”.
- 6.3 Following responses to national consultations and the outcomes from the May 2017 general election, the government confirmed that there will be an additional £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. There will be £416m more than was set aside at the last spending review for the core school budget in 2018-19, and £884m more in 2019-20. These amounts are in addition to the extra £500m announced to support the reforms as part of Spending Review 2015. Budgets beyond 2020 will be confirmed in the next Spending Review which will take place in 2019.
- 6.4 The key elements of the new funding framework for 2018-19 were as follows:
1. in general, the components of the SNFF would be those most commonly used nationally by LAs in 2017-18. The relative weighting of funds to be distributed through each element would largely be based on the average distribution of funding made by LAs but with significant differences to this approach relating to increasing funding on additional needs factors and also recognising disadvantage in a broader sense. The increases will be financed by a lower amount of basic per pupil funding and also a reduced lump sum amount that all schools receive, irrespective of size. This supports the government preference for a pupil led funding system.
 2. funding to each LA would be through the aggregation of each of their school's individual SNFF budget, with sufficient funding to pay gains for their schools of up to 3% a year per pupil, with a minimum increase of 0.5%.
 3. to aid a smooth transition, LAs would retain responsibility for individual school funding allocations in both 2018-19 and 2019-20 rather than immediately adopting the SNFF. Funding arrangements would still need to be in accordance with criteria set by the DfE.
 4. the SNFF provided LAs with per pupil funding of at least £4,600 for all secondary schools and £3,300 for all primary schools. These are outside the 3% cap on increases and therefore, the schools receiving the lowest per pupil funding rates in 2017-18 could receive higher increases than the 3% increase SNFF headline amount.

Due to the scale of changes, Annex 1 sets out more detail on the funding arrangements and timeline, and repeats what has previously been reported to the Forum.

6.5 The 2018-19 school budgets were set using the £1.7m (2.7%) funding increase – after setting aside £0.264m to fund the cost increase from additional pupils. Following consultation with schools to gather views on key issues, the Schools Forum then agreed strategic decisions as follows:

1. individual school budgets for 2018-19 should be set as closely to the SNFF as possible. This resulted in all schools receiving an increase in per pupil funding together with some changes to the funding factors used to distribute budgets e.g. Ever6 Free School Meals data was used to allocate funds for the first time and numbers of children looked after were no longer allocated specific funding in the Formula as Pupil Premium funding paid through a separate grant was increased by the DfE.
2. to reflect the different levels of affordability in each area, the minimum change in per pupil funding could be determined by a local Minimum Funding Guarantee (MFG)¹ amount and not the +0.5% minimum increase included in the allocation to LAs. The BF MFG was set at the maximum +0.5%, with the cost of funding protection financed through limiting gains at relevant schools.
3. that the LA could retain budgets for central management through the ‘de-delegation’² route where these were requested. See paragraphs 6.44 to 6.46 for more information on ‘de-delegation’.
4. that £0.394m be drawn down from the New School Reserve to finance the additional diseconomy costs that arise from the new schools, to ensure the £1.7m increase in funding received through the funding reforms is passed on in full to existing schools.

6.6 Other budget decisions agreed by the Schools Forum included:

1. the services where budgets could be centrally managed on behalf of schools by the Council would be unchanged from previous years and set in the value of £1.504m (see Annex 2)
2. following withdrawal of £1.2m of DfE grant funding to BFC, that maintained schools would contribute £0.24m to the cost of the ‘general’ LA statutory and regulatory duties that the council is still required to fulfil through a contribution of £20 per pupil. Annex 3 provides an outline of the statutory and regulatory education related duties.

Overall 2018-19 Funding Framework

6.7 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). It now comprises 4 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB) the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors; the HNB and EYB are centrally managed by LAs and are targeted towards supporting high needs pupils and those under 5 years old.

¹ To provide a degree of year on year funding protection, the DfE requires a MFG to be applied and this sets a minimum change in per pupil funding that a school can experience between years. It has previously been set at a national rate of a maximum reduction of -1.5%, but each LA can now set their own rate between -1.5% and +0.5%.

² ‘De-delegation’ recognises that there are benefits of cost effectiveness, risk sharing or ease of organisation / management that a strategic approach can bring in some instances and the DfE therefore allows schools to agree LA central retention of funds on a prescribed range of services.

- 6.8 This report concentrates on the SB element of the DSG which is intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, and the CSSB, which covers a range of services that LAs can manage on behalf of schools. HNB and EYB funding matters will be subject to separate reports that will be presented for consideration in December when more up to date budget setting data will be available.
- 6.9 There are now 2 main elements of funding within the SB which together produce the funding for individual school budgets; business rates, high pupil mobility and the growth fund³, for which funding is allocated to each LA based on the budget calculation from the previous year; and per pupil funding allocations for all other costs. These per pupil funding allocations have an added significance in the new arrangements in that they will be used to make the calculation to ensure each school receives the new, minimum per pupil funding rates. The DfE excludes school costs of business rates, high pupil mobility and allocations from the growth fund from the calculation of minimum per pupil funding rates.
- 6.10 The DSG can only be spent on the purposes prescribed by the DfE. Any under or overspending in a year must also be ring-fenced and applied to a future Schools Budget. There is a general ring-fence in place in that SB funding must be spent on school budgets, although where agreed by the local Schools Forum, up to 0.5% of the SB (circa £0.325m in BF) can be transferred to fund costs that fall into other Blocks. Money can be freely transferred from other Blocks into the SB.
- 6.11 LAs can add to the DSG from their own resources to increase the size of the Schools Budget but are not permitted to plan to spend at a lower amount. The policy of the Council is for the Schools Budget to be set at the eventual level of grant income plus any accumulated balances and reserves, with the Executive Member for Children, Young People and Learning authorised to make amendments and agree budgets as permitted by DfE Funding Regulations. This is scheduled to take place on 18 January 2019, taking account of recommendations of the Schools Forum.

Update on 2018-19 Teachers Pay Grant

- 6.12 The government announced its intentions regarding the 2018 Teachers Pay award which came into effect from 1 September after the 2018-19 budget was set. Increases have been proposed at 1.5% to the leadership pay ranges, 2% to the upper pay scale, leading practitioners, and allowances and 3.5% for those on the unqualified and main pay ranges. This is the first time that the DfE has not accepted in full the recommendations of the School Teachers' Review Body (STRB), which recommended 3.5% increases on all ranges and allowances.
- 6.13 The DfE have announced that there will be a Teachers Pay grant to help fund the pay increases. The DfE have assumed that the schools will have budgeted for the first 1% of increases and the Teachers Pay Grant will provide funding for the higher level increases until the end of the current spending review period at March 2020. On-going funding beyond this point will need to be agreed as part of the next spending review.
- 6.14 The DfE has indicated that details of how this will work to individual school level will be announced after 3 September, the closing date for comments to the government's response to the STRB report. They have yet to be released. The indicated preference is for it to be delivered via a funding formula, in which case some schools may receive a

³ The growth fund covers diseconomy funding and other allocations to new schools such as pre-opening costs, Key Stage 1 funding top ups to limit classes to 30 pupils and significant in-year increases in pupil numbers in existing schools.

higher or lower amount than the actual cost, depending on the current salaries, ranges and allowances of staff.

- 6.15 Analysis of the pay ranges in BF schools indicate that average increases would be 2.8% but the percentage increase on staffing costs could vary between 2.3% and 3.3%, depending on the number of teachers on each range in an individual school.
- 6.16 In setting their budgets, schools were advised to allow for 2.5% for the cost of the Teachers Pay award. The award of this grant should therefore provide additional, unplanned income for schools.

Initial planning for the 2019-20 Schools Budget

Changes being implemented by the DfE

- 6.17 A small number of technical changes are to be implemented in 2019-20, in particular the introduction of a formula based approach for making funding allocations to LAs for their growth fund. This is the key issue for the 2019-20 BF budget, with the potential impact in BF set out in more detail below in paragraphs 6.28 to 6.36.
- 6.18 Other changes include:
1. confirming increases in minimum per pupil funding rates to £3,500 for primary aged pupils and £4,800 for those of secondary age.
 2. the per pupil funding floor in the national SNFF will again be set at a +0.5% increase from the previous year, with gains also continuing to be capped at 3%.
 3. to fairly fund new schools, those opening for the first time in 2019-20 will also have a funding floor applied. To calculate this, their 2019-20 funding will be compared to a baseline from the previous year based on the average baseline budgets for all schools in the relevant LA. Details of how these calculations will have to be made have yet to be published.
 4. changes to the Early Years Foundation Stage Profile in 2013 have gradually increased the cohort of pupils and this data is used for funding schools for low prior attainment (LPA), which is a proxy for SEN pupils. To account for a change arising from “the assessment, rather than changes to the underlying level of need”, the DfE will be maintaining the proportion of funding allocated on primary LPA by balancing the increase in the eligible cohort with a reduction in the factor value from £1,050 to £1,022. This is the only change in factor values in the SNFF. Annex 4 shows the SNFF factor values and also those used in the BF funding formula in 2017-18 and 2018-19,
 5. setting individual LA funding for premises and mobility factors on actual budget allocations made by LAs in 2018-19. 2018-19 LA funding amounts were based on 2017-18 actual budget allocation.

- 6.19 The DfE has arranged a number of workshops with LAs to consider the practical implementation of the guidance to ensure unexpected outcomes are avoidable. This may identify areas for additional consideration or clarification and therefore further changes cannot be ruled out at this stage.

Setting the budget control total

- 6.20 Taking account of the most recent DfE guidance and the release of preliminary financial data, initial plans for 2019-20 budgets can now be prepared and this includes an early view on the likely financial settlement for schools.

- 6.21 Per pupil funding rates are the most significant funding element and are separately calculated each year for individual LAs using the latest available pupil characteristics data. 2019-20 rates are calculated from running the SNFF on October 2017 census data and dividing the aggregate per pupil allocation for all schools by the total number of pupils. A separate calculation is made for primary and secondary aged pupils. DSG per pupil funding rates are therefore calculated from lagged data, one year in arrears to the data used to fund schools, which in itself is collected 7 months before the start of the relevant financial year.
- 6.22 The confirmed 2019-20 per pupil funding rates for BF are £3,681.84 for primary (+1.8%) and £4,994.47 for secondary (+3.0%). Increases have arisen as most BF schools receive further funding increases from their relatively low 2017-18 baseline budgets through the arrangements included in the second year of transition. The weighted average increase is estimated at 2.4%, meaning around 5.1% increase over the past 2 years. Excluding the impact from increased pupil numbers, this equates to £1.529m.
- 6.23 Funding has also been confirmed for premises and mobility factors on actual budget allocations made by LAs in 2018-19, which will be £0.002m and £1.473m respectively.
- 6.24 For the growth fund, as previously reported, the historic funding basis used in 2018-19 will be replaced with a new national formula for 2019-20. The intention is to move to a system where funding is distributed fairly and consistently rather than relying on different funding decisions at individual LAs. From next year, a formula will be used to measure growth by counting the increase in pupil numbers in each LA between the two most recent October censuses, so between October 2017 and October 2018. The measure will be via small geographical areas used by the Office for National Statistics called middle super output areas (MSAO). These areas are considered small enough to detect pockets of growth. Only positive increases by MSAO will be counted. Reductions in other MSAO areas will not be deducted. Additional funding will also be provided when a new school opens.
- 6.25 The DfE has yet to release relevant data to allow LAs to accurately model likely income, but using the best data available at this time, income of between £0.5m and £0.7m is expected. For planning purposes, the assumption is that £0.5m will be received in 2019-20. This compares to £0.772m in 2018-19. Actual funding will be confirmed in December.
- 6.26 The CSSB funding is determined through a national formula and is allocated to fund budgets for central management by LAs. There are 2 elements; a confirmed per pupil amount paid at £39.69 based on pupil numbers, and a fixed lump sum allocation paid to LAs at the individual amount, based on the cost of historic commitments on the prescribed services that fall within the 'combined services'⁴ budget category, for which BF holds £0.405m. The provisional allocation from the formula indicates a 10.7% funding reduction through the per pupil funding element. Transitional funding protection limits the loss to 2.5%. Final funding will be confirmed in December, with £1.025m estimated at this time, a £0.016m reduction.
- 6.27 A summary of estimated changes in income, excluding any potential changes in pupil numbers is set out below in Table 1.

⁴ Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit 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

Table 1: Estimated Schools Block DSG income (assumes no change in pupil numbers)

Ref	Schools Block item	October 2017 (Actual)	September 2018 (Estimate)	Change
	<u>Pupil numbers:</u>			
1	Primary actual NOR	10,084.0		
2	Secondary actual NOR	5,923.0		
		16,007.0		
	<u>Delegated budgets</u>			
3	Primary per pupil rate	£3,615.52	£3,681.84	£66.32
4	Secondary per pupil rate	£4,849.23	£4,994.47	£145.24
5	Primary per pupil funding	£36,458,904	£37,127,725	£668,821
6	Secondary per pupil funding	£28,721,989	£29,582,231	£860,241
	Sub total per pupil funding	£65,180,893	£66,709,955	£1,529,063
7	Business Rates allocation	£1,527,765	£1,473,117	-£54,648
8	High pupil mobility allocation	£13,345	£2,255	-£11,090
9		£66,722,000	£68,185,330	£1,463,330
	<u>LA retained growth fund</u>			
10	Significant in-year increase in pupil numbers	£311,650	0	-£311,650
11	Key Stage 1 class size funding	£86,390	0	-£86,390
12	Start up costs for new schools	£56,100	0	-£56,100
13	Dis-economy funding paid to new schools	£318,401	0	-£318,401
14	Estimated funding on new formula	£0	500,000	£500,000
15		772,541	500,000	-272,541
16	Sub total: Schools Block DSG	67,494,541	68,685,330	1,190,789
	<u>Central Schools Services Block DSG:</u>			
17	Per pupil rate rate CSSB	£635,078	£619,310	-£15,768
18	Combined Services - funding at historic spend amount	£405,680	£405,680	£0
19	Sub total: Central Schools Block DSG	1,040,758	1,024,990	-15,768
20	TOTAL	£68,535,299	£69,710,320	£1,175,021

Changes arising from new / expanding schools

- 6.28 As part of early preparations for the 2019-20 Schools Budget setting process, the medium to long term cost projections for new schools were again presented to the Forum in June. This reflects the importance of agreeing how to manage the significant cost pressure that is now starting to arise, which based on December 2017 forecasts indicated estimated additional revenue costs between 2016-18 and 2025-26 of £14.723m. Similar information has been presented to the Forum for a number of years but with more new schools now opening, costs of additional support requirements being reported for budget setting purposes are now significantly increasing.
- 6.29 The report estimated costs still to be funded for 2019 to 2026 at £13.03m. An equivalent amount for all Growth Fund responsibilities, so including costs of in-year increases in pupil numbers in existing schools and KS1 class size funding over the same period would amount to £16.06m.

- 6.30 When considering this matter, there was a general consensus amongst the school representatives on the Forum that the funding policy for new schools was appropriate but that Kings Academy Binfield had arrived too early and that all pupils in the borough could be accommodated in existing schools. The opening had created a problem for existing schools which were now having to manage with lower pupil numbers than would otherwise be the case, were losing funding as a result, and it was all happening during a prolonged period of tight financial settlements and rising costs. There was also now going to be a period of uncertainty during which there would be more places than pupils creating extra financial and school organisation difficulties.
- 6.31 Having considered the matter, the Forum passed the following resolution:
- The Schools Forum expresses its ongoing concern to the Council and Executive Member for Children, Young People & Learning about the serious adverse impact on existing schools of the delivery of new schools when there is a significant surplus of places, and requests that urgent consideration be given to ways of mitigating the adverse impact by providing additional financial support to those schools which were facing additional budgetary pressures as a result of the loss of funding due to a drop in pupil numbers.
- 6.32 As requested, a funding proposal is being prepared for the Council's Executive to consider at its meeting on 16 October that will present the option of a joint funding solution between schools and the council. The draft proposal is expected to include maximising use of unallocated balances in the Schools Budget that are estimated to be around £2m at 31 March 2019, with the council and schools each contributing to the remaining shortfall. At this stage, a 3-5 year plan is being prepared for the Executive to consider.
- 6.33 Subsequent to the last meeting of the Forum, revised costings have been undertaken on the revenue costs anticipated for the growth fund responsibilities based on August 2018 pupil forecasts i.e. this is an update on the information previously presented to the Schools Forum but still remains provisional. The data used is an early draft of the work being undertaken to produce the 2019-20 *School Places Plan* and *Capital Strategy* documents that will be finalised towards the end of the year once October census data has been verified. This currently shows that projected pupil numbers are now lower than expected when forecast last year with fewer new places now required. This update indicates a provisional pressure for 2019-20 of £1.3m.
- 6.34 These are provisional estimates, drawing on a number of critical variables, for example, if the progress on construction and sale of houses is slower than currently forecast, fewer children will be in the schools which will prolong the period requiring additional financial support and further increase costs and are therefore subject to amendment.
- 6.35 The change in pupil numbers now being forecast compared to this time last year indicates the need to review and potentially update the existing forecasting model. An independent external specialist is therefore to be commissioned to complete this task.
- 6.36 The decision of the Council's Executive in terms of agreeing a joint funding strategy with schools for new school funding will be reported to the Forum in December for consideration in the next stage of the budget setting process. This will also include a detailed update on forecast pupil numbers and the consequential need for new places and the additional revenue cost over the medium to longer term. Together, this information represents the most critical element of next year's budget setting process.

Potential pressures

- 6.37 The Forum has previously agreed a strategy for developing school budgets and this continues to underpin budget preparations. The key elements of the strategy are to only reflect in the budget these pressures that are recognised in the DfE funding allocation, together with any new or updated statutory or regulatory requirements and key local priorities. The strategy is set out in Annex 5.
- 6.38 In addition to the expected £1.3m pressure from new schools which is a local priority, there is also likely to be a pressure on school business rates as there will be a national cost uplift set by the Inland Revenue (3.9% in 2018-19), together with ongoing adjustments arising from transitional relief arrangements that were put in place following the 2017 revaluation exercise to limit the initial impact of changes. Neither the cost uplift nor the transitional funding arrangements that will apply in 2019-20 have been announced, but using 2018-19 impact as an initial guide, costs will rise by around £0.090m. As schools budget have to be funded on an estimated actual basis, this is an unavoidable cost.
- 6.39 In terms of changes in pupil numbers, current estimates indicate an annual increase of around 400 (+2.5%). Precise numbers will be confirmed once the October 2018 census data has been verified, and will be accompanied with additional DSG funding at the average amount paid out to schools, with minimal financial impact anticipated.

Provisional income to expenditure comparison

- 6.40 Taking account of the information available at this stage of the budget setting process, and assuming all of the additional diseconomy and other costs estimated to arise from new schools are fully funded from 2019-20 DSG with no contribution from the accumulated balances of around £2m or from the council, there would be a small net increase in funds for schools of £0.175m. Table 2 below sets out a summary of the changes, which presents the anticipated worse case scenario.

Table 2: Provisional income to expenditure comparison

Ref	Schools Block item	Additional income / saving	Potential pressure	Net change (+ gain / - loss)
	<u>Delegated school budgets</u>			
1	Increase in DSG (Table 1: line 9)	£1,463,330		
2	Business rates pressure (paragraph 6.37)		£90,000	
	Sub total per pupil funding	£1,463,330	£90,000	£1,373,330
	<u>LA retained growth fund</u>			
3	Significant in-year increase in pupil numbers / KS1 pupils (Table 1: line 14 less lines 10 and 11)	£101,960		
4	Diseconomy funding paid to new schools (paragraph 6.32)		1,300,000	£1,300,000
	Sub total growth fund	101,960	1,300,000	-£1,198,040
	Total	1,565,290	1,390,000	175,290

Options for allocating new money to schools

- 6.41 Working on the assumption that there will be additional funds for schools in next year's budget, a decision needs to be taken on the methodology to be used to distribute the funds. In setting the 2018-19 budget, three options were presented to schools through the 2017 financial consultation to expressed their preferred approach:

Option 1: aim for a close fit to the indicative 2019-20 SNFF allocation for each school.

Option 2: continue with the BF Funding Formula, remove funding for Looked After Children as additional resource will be paid through the Pupil Premium, increase all other units of resource in accordance with the budget strategy (see Annex 5), subject to meeting DfE funding regulations, in particular, the minimum per pupil funding values and estimated actual costs for rates.

Option 3: continue with the BF Funding Formula, remove funding for Looked After Children as additional resource will be paid through the Pupil Premium, increase all amounts allocated by other formula factors by the same percentage, subject to meeting DfE funding regulations, in particular, the minimum per pupil funding values, and the £0.170m cap on lump sum payments and estimated actual costs for rates.

- 6.42 With 97% of the 30 respondents supporting Option 1, aim for a close fit to the indicative 2019-20 SNFF allocation for each school, it is proposed to continue this approach without seeking further views from all schools. The Forum is requested to consider whether further views are required.

Content of the financial consultation with schools

- 6.43 The Schools Forum comprises representatives of key education stakeholders in the borough and provides a strategic view on finance matters to the council, as well as making decisions in key areas. This removes the need for frequent consultation with schools and speeds up decision making. However, specific views are generally sought each year from schools on a small number of budget matters. This year, the council proposes to gather comments on 2 areas; support for on-going 'de-delegation' of services; and the continuation of a £20 per pupil contribution from maintained schools towards the education related statutory and regulatory duties that the council needs to fulfil without funding from the DfE.

De-delegated budgets

- 6.44 Forum members will be aware that national funding arrangements require all LAs to delegate funding for the same services and functions, with a general presumption of maximum delegation. However, where relevant representatives on a Schools Forum agree that the whole budget for their phase e.g. primary or secondary should be returned to the Council for central management, this is allowed, but only in respect of a small number of services. This recognises that there are reasons of cost effectiveness, risk sharing or ease of organisation / management that a strategic approach can bring.
- 6.45 The DfE term this approach "de-delegation" and requires annual approval from the school representatives on the Schools Forum for it to be implemented for maintained schools. Academy schools are responsible for providing these services and therefore receive their share of "de-delegated" budgets direct, with some being available for purchase from the council if required.

- 6.46 When asked, schools have always supported on-going 'de-delegation' of services, with 94% of respondents on average agreeing in each of the last 3 years.

Annex 6 sets out the services involved and relevant amounts.

LA education related statutory and regulatory duties

- 6.47 Forum members will be aware that LAs were previously funded through the Education Services Grant to meet education related statutory and regulatory duties. The grant comprised two component parts; a 'general duties' element that falls directly on to schools to fulfil should they become an academy; and a 'retained duties' element for the obligations that LAs have to fulfil to both academies and maintained schools. From April 2017, there was a phased withdrawal of funding for the 'general duties' element that cost the council £1.2m. The £0.26m received for the 'retained duties' element was transferred into the DSG and made available to continue to finance these costs.
- 6.48 As part of the last 2 budget setting processes, maintained schools agreed that they would make a £20 per pupil contribution to LAs to part finance the cost of these services whilst the council continued its Transformation programme to reduce costs. However, these costs will not be eliminated as there remain statutory and regulatory duties to meet. The council will again seek permission from maintained schools to contribute £20 per pupil to these costs, which will generate around £0.240m.
- 6.49 In each of the 2 years where views have been sought, schools have always supported contributing to these costs, with 69% of respondents on average agreeing.

Annex 7 sets out a summary of the outline statutory and regulatory duties required of the council.

Summary of proposed approach to setting the 2019-20 SB and CSSB Budgets

- 6.50 Based on the information presented in this report, the council proposes to set the 2019-20 SB and CSSB elements of the School Budget as follows:
1. The Schools Budget will be set at the eventual level of grant income plus accumulated balances and reserves
 2. There will be no requests from the council to transfer funds between the different funding blocks of the DSG.
 3. Specific funding for pressures will only be provided (subject to sufficient resources) where it is included in the financial settlement from the DfE, represents a statutory requirement or a local priority. At this stage, this will be limited to:
 - a. increases in pupil numbers,
 - b. changes in the cost of business rates,
 - c. anticipated growth allowance payments, in particular to existing schools experiencing significant in-year increases in pupil numbers or meeting the needs of Key Stage 1 class size regulations and diseconomy and other costs associated with new schools

This reflects the previously agreed budget strategy.

4. To recognise that in the long term, schools budgets will be calculated through the SNFF, budgets for BF schools are again calculated to be as close a fit to the SNFF as possible. This approach was supported by 97% of the 30 schools responding to the question in respect of setting the 2018-19 budget.
5. Furthermore, reflecting the estimated average per pupil funding increase of 2.4% and the intention to closely match the SNFF:
 - a. that the MFG remains set at the highest permitted value of +0.5%, and matches the minimum per pupil increase applied in the SNFF. The cost of funding protection to be financed through limiting gains at relevant schools
 - b. that minimum per pupil funding rates are set at £3,500 for primary aged pupils and £4,800 for secondary, the same as applied in the SNFF
6. That the services currently managed centrally by the council and funded through the CSSB continue to be centrally managed, with budgets capped at the amount of CSSB DSG funding.
7. That views be sought from schools on:
 - a. Whether the services permitted to be 'de-delegated' should continue to be returned to the council for central management. This approach was supported by 93% of the 27 schools responding to the question in respect of setting the 2018-19 budget
 - b. Continuing with the £20 per pupil contribution to 'general' education related statutory and regulatory duties that the council needs to meet from general resources, following withdrawal of £1.2m of DfE grant funding. This approach was supported by 71% of the 28 schools responding to the question in respect of setting the 2018-19 budget

Should any further issues emerge from the DfE workshop on 2019-20 school budgets taking place on 18 September that indicate the need to seek views from all schools, these will be verbally reported at the Forum meeting and added to the consultation document as appropriate. A consultation, if required, is expected to be issued on 24 September for return by 19 October.

- 6.51 In respect of financing the pressure arising from diseconomy and other costs associated with new schools, firm proposals will be presented to the Forum in December, taking account of the decisions of the Council's Executive on a proposal to joint funding these from accumulated Schools Budget balances and reserves, schools and the council. This will have a significant influence on the final funding arrangements for the 2019-20 budget for schools.

Changes from April 2020

- 6.52 The DfE initially announced that LAs would run a "soft SNFF" for 2 years, making local decisions through to March 2020 on a number of aspects of school funding rather than implementing the SNFF in full. With 73 LAs moving their local formulae closer to the SNFF in 2018-19, and with 41 mirroring the SNFF values almost exactly, the DfE are content with progress being made against the reform objectives, and LAs will therefore continue to run a "soft SNFF" into 2020-21, so for one more year.

- 6.53 Areas of the national funding formula that will be subject to consideration for change are:
1. The growth fund. There is a recognition that a number of stakeholders have raised concerns on the new formula and options for further development will be explored.
 2. Developing formulae to replace costs that are currently funded on historic costs. For BF this relates to mobility (£0.002m) and business rates (£1.473m).
 3. Longer term changes are being considered for low prior attainment to improve targeting of funding to need, including the possibility of tiering the secondary low prior attainment factor
- 6.54 In respect of the CSSB, the DfE have indicated that on-going specific funding to each LA for their historic costs of combined services budgets will be subject to a funding reduction from April 2020. The DfE do not consider it fair to maintain the funding allocations as they reflect historic decisions taken by individual areas. The rate of reduction has not yet been disclosed. There is a £0.405m budget for 'combined services' in BF.

Next steps

- 6.55 Once the Forum has considered the recommended approach to take in setting the 2019-20 budget, a decision can be taken on the content for the consultation with schools (if required) to gather wider views. This would need to conclude before 19 October (half term). The outcomes will be reported to the Forum at its 6 December meeting together with associated budget proposals. Final budget decisions must be taken at the 17 January 2019 Forum meeting, with the DfE notified of the final budget no later than 21 January 2019.
- 6.56 The DfE timetable of key events anticipated at this stage is attached at Annex 7.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

- 7.2 The anticipated financial information is set out in the supporting information. This report presents a provisional position, with final budget decisions needing to be taken on all matters relating to setting the 2019-20 SB and CSSB no later than 17 January 2019.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 The additional funding available to schools will assist in managing budgets after a sustained period of cash flat settlements aligned with rising costs. Funding the additional pressure associated with diseconomy costs at new schools presents the most significant matter to resolve at this stage.

8 CONSULTATION

- 8.1 This report presents the first stage of the consultation process which at a later stage will involve schools and further input from the Schools Forum.

Background Papers

DfE policy and guidance documents:

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

Previous meetings of the BF Schools Forum that can be found at:

<http://democratic.bracknell-forest.gov.uk/ieListMeetings.aspx?Committeeld=187>

Contact for further information

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School Funding Framework – detailed arrangements up to and including 2018-19 financial year

Proposals for reforming school and education funding, most notably through the introduction of a SNFF, were initially announced by the government in March 2016 and are now reaching a conclusion. The SNFF will be in place from April 2018, with LAs receiving funding for schools in their area on the new national formula, but in order to aid a smooth transition to the SNFF, retain the freedom to calculate individual school budgets for a 2 year transitional period, within the parameters of DfE School Funding Regulations

The original proposals for reform were announced by the DfE in March 2016 and following a period of consultation, significant changes were introduced for the 2018-19 financial year including LAs receiving their total funding for schools through the new national funding formula. To minimise the impact of the reforms at individual school level, the original intention was that LAs would run a “soft” SNFF for 2 years, gradually moving from local funding formulae to the SNFF. Following consultation, BF schools confirmed their support to move as soon as possible to the SNFF, and the 2018-19 budget was set on that basis.

On 17 July 2017, the Secretary of State for Education set out to parliament the future arrangements for school funding which confirmed the introduction of the SNFF from April 2018 and also significant extra investment into the core schools budget over the next two years - £1.3bn - to “...recognise that at the election people were concerned about the overall level of funding for schools as well as its distribution”. The statement also confirmed new elements to the finalised reforms that had not been previously presented.

The various announcements were as follows:

Stage 1 – March 2016

1. Move to new national funding formulae to allocate funds:
 - a. directly to schools through a consistent approach across the country, including national rates of funding. The ESFA will allocate the funds through the SNFF with minimal LA involvement.
 - b. to LAs for their ongoing areas of responsibility relating to high needs pupils (through the High Needs National Funding Formula) and for early years provisions (through the Early Years National Funding Formula).
2. Remove the existing £600m of grant funding allocated to LAs to meet ‘general’ statutory and regulatory education related services – BFC receives £1.2m through the Education Services Grant (ESG) - whilst maintaining all the existing responsibilities. Funding Regulations were updated to allow maintained schools to in future contribute to the costs.
3. Introduce changes on a phased basis from April 2017, with the expectation that the SNFF will be fully implemented from April 2019, via the ESFA.
4. Add to the SNFF an additional £500m through the current spending review period to March 2020 to ensure more schools gaining from the changes receive the full benefit earlier than would otherwise be the case whilst at the same time adding protection to limit losses to those schools that at present receive more funds than would be allocated through the SNFF.

Stage 2 - December 2016

5. The SNFF would comprise 13 different elements; age weighted pupil unit, deprivation, low prior attainment, English as an Additional Language, lump sum, sparsity (not relevant to BF), rates, Private Finance Initiative (net relevant to BF), split site, exceptional circumstances (not relevant to BF), high mobility rate, growth and an area cost adjustment.
6. The relative weighting of funds to be distributed through each element would largely be based on the average current distribution of funding made by LAs but with significant differences to this approach relating to increasing funding on additional needs factors and also recognising disadvantage in a broader sense. The increases will be financed by a lower amount of basic per pupil funding and also a reduced lump sum amount that all schools receive, irrespective of size.
7. LAs will be responsible for allocating individual school budgets in 2018-19, but the total area allocation will be based on the aggregate funding schools would have received if the SNFF was fully operational. LAs can continue to use their own local Funding Formula, although the DfE “encourages” LAs to adopt the NFF. ESFA will allocate budgets to schools from April 2019.
8. To build in an overall 'funding floor', so that no school will face a reduction of more than 3% per-pupil overall as a result of this formula.
9. During transition, the minimum funding guarantee of minus 1.5% per-pupil in any year will continue, providing additional stability for schools. Schools can receive gains of up to 3% per-pupil in 2018-19, and then up to a further 2.5% in 2019-20. Gains are capped to fund the maximum per pupil loss protection to be applied to schools losing funds.
10. Whilst the Schools Block amount will be ring fenced for schools, the DfE will allow funding transfers to the High Needs Block, if there is local agreement.
11. LAs would continue to have a role in School Improvement, and there would be the option to seek additional funds from maintained schools through the 'de-delegation' route for services outside the statutory and regulatory provisions.
12. Funding for on-going LA responsibilities would be provided through a new Central School Services Block to the Dedicated Schools Grant (DSG). This would cover 'retained' statutory and regulatory duties – the £15 per pupil amount to fund duties that LAs must provide to all schools, including academies, previously grant funded - and School Admissions, servicing of Schools Forums, fees to independent schools for pupils with SEN, centralised copyright licence, LA initiatives and costs of providing combined education and children's services, e.g. Family Intervention Team, Looked After Children Education Service.

Illustrative financial implications for schools - December 2016

13. In December 2016, DfE provided provisional financial information on the potential impact arising from the reforms, using October 2016 school census data. This showed that funding for BF schools through the SNFF would have been 5.1% higher (£3.24m) than the actual amount received through the current funding framework. 4 schools would experience a cash reduction in funding (from 0.2% to 1.6%), 33 schools would experience an increase (from 0.2% to 11.6%). The increase in funding mainly reflects the relative low per pupil funding currently received in the BFC DSG compared to the amount that will be paid through the SNFF
14. Schools would not move directly to the SNFF as funding protection will be in place. After applying transitional funding protection to cap per pupil increases to no more than 3% and limit annual losses to no more than 1.5%, there would

have been an overall increase of 2.2% (£1.433m). As expected, the effect of this is to reduce the amount of losses (now from 0.2% to 1.3%) and limit the gains (now from 0.2% to 2.9%).

July and September 2017

15. On 17 July 2017, the Secretary of State for Education set out to parliament the future arrangements for school funding which confirmed the introduction of the SNFF from April 2018 and also significant extra investment into the core schools budget over the next two years to "...recognise that at the election people were concerned about the overall level of funding for schools as well as its distribution."
16. This statement announced that there will be £1.3bn for schools and high needs across 2018-19 and 2019-20 in addition to the schools budget set at spending review 2015: £416m more than was set aside at the last spending review for the core school budget in 2018-19, and £884m more in 2019-20. Spending plans beyond 2020 will be confirmed in the next spending review.

Initial Financial Implications for schools – September 2017

17. At the time of the last Forum meeting, it was reported that the DfE had yet to publish any illustrative financial implications arising from the new changes that will now form part of the national school funding reforms. Therefore, likely financial implications from the additional £1.3bn could not be accurately quantified.
18. A written technical document has now been published, which was followed on 4 October with detailed school level financial information. This indicates that funding for BF schools through the SNFF would have been 5.1% higher (£3.246m) than the actual amount received through the current funding framework. By the end of the 2 year period, BF schools will experience an increase in per pupil funding ranging from 1.0% to 8.5%.
19. Schools will not move directly to the final SNFF as the additional funding of £1.3bn is being made across 2 years. Therefore in 2018-19, funding is estimated to increase by 2.6% (£1.696m), and whilst the SNFF will deliver increases in per pupil funding for BF schools ranging from 0.5% to 3.9%, this may not be replicated through the transitional use of the BF funding formula as the School Funding Regulations do not allow for LAs to replicate all aspects of the SNFF.

Impact in BFC of the additional £1.3bn investment

20. Despite there being an additional £1.3bn of investment in "core school budgets", there is no overall increase in funding allocated to BF schools compared to the December 2016 amount. Whilst there is an increase of £0.263m of funding in 2018-19, this is offset by a compensating reduction in 2019-20.
21. This unwelcome outcome arises because the latest changes generally increase funding to the schools that were previously facing a funding cut or relatively low increase and is a consequence of moving from limiting the maximum annual per pupil reduction of 1.5% to a minimum increase of 0.5%. The maximum per pupil increase remains at 3%. Therefore, areas that are currently receiving the lowest levels of funds - BFC is the 6th lowest funded education authority – will not generally see an increase in funding from the additional £1.3bn investment from that announce in December.

Detailed arrangements

22. In calculating LA funding allocations through the aggregation of individual school budgets on the SNFF, there will be gains of up to 3% a year per pupil, with a minimum increase of 0.5% meaning all schools receive an increase. The previous proposals had permitted per pupil funding gains of up to 3% in 2018-19 and 2.5% in 2019-20 and losses of up to 3% over 2 years.
23. To allow for a measured transition to the new SNFF, LAs will retain responsibility for individual school funding allocations in both 2018-19 and 2019-20 rather than immediately adopting the SNFF. This means not every school will necessarily receive at least the 0.5% per pupil cash increase mentioned directly above. The minimum change in per pupil funding will be determined by the local Minimum Funding Guarantee (MFG) amount. However, those LAs receiving the largest funding increases from the reforms are most likely to be able to move closely to the SNFF values for their schools.
24. For the next 2 years, LAs will have the flexibility to set a local MFG between 0% and minus 1.5% per pupil. In recent years the MFG has been set by the DfE at minus 1.5% per pupil. Where affordable, LAs can use the flexibility to offer higher levels of protection locally. As in previous years, the cost of any protection can be financed by limiting gains due to relevant schools.
25. There will now be minimum per pupil funding rates. The SNFF will provide LAs with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019-20. In September 2017, minimum per pupil funding rates for 2019-20 were also confirmed for primary schools at £3,500. For 2018-19 the minimum per pupil funding rates will be £4,600 and £3,300 respectively. The DfE has determined that minimum per pupil funding amounts will be calculated from an individual school's total budget **less** allocations for budgets that are allocated on an historic cost basis i.e. business rates, and where relevant, high pupil mobility.
26. A new 14th factor will be allowed in local authority formulae in order to ensure these minimum rates can be allocated. The confirmed BF per pupil funding rates that the council will receive in 2018-19 are £3,616 for primary aged pupils and £4,849 for secondary.
27. In calculating school budgets through the SNFF, meeting the new minimum per pupil funding rates takes precedent over the 3% cap on per pupil funding gains set out above at point 23. Therefore, for the lowest funded schools, the SNFF will allocate a higher than 3% increase in per pupil funding.
28. The Schools Block will also include funding at LA level for premises, mobility and centrally managed growth (which includes new school funding for start-up and diseconomy funding), based on historic spend. For 2018-19, each LA will be funded at the amount budgeted for on these items in 2017-18. The Forum will be aware of significant financial pressures expected in BF over the coming years in respect of needing to meet additional costs from diseconomy funding for new schools.
29. The schools block will be ring-fenced from 2018-19, but LAs will be able to transfer out up to 0.5% of their schools block funding – circa £0.32m for BF - with the agreement of their schools forum. LAs will be expected to demonstrate to their Schools Forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block. There will be an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit and/or where the schools forum is opposed to the transfer. Funding transfers from other blocks are not subject to limits

Change to grants outside the DSG

30. Funding for physical education and sports premium for primary schools will double to £8,000 to each school and £10 per pupil. All primary schools will receive an increase in their PE and sports premium funding from September 2017.
31. The Pupil Premium Plus – relating to looked after children (LAC) – will increase from £1,900 to £2,300. The £281 per LAC currently paid to schools through the BF formula is proposed to be removed to avoid double funding.

DfE Operation guidance

As well as the significant changes to the school funding framework set out above, there are also a small number of a number of less significant changes that also need to be considered in setting the 2018-19 budget:

1. LAs can now use both current free school meals and “ever 6” free school meals measures within their deprivation factors (previously one of these measures could be used, but not both);
2. Schools with SEN Resource Units are currently funded at £10,000 per agreed place, with no per pupil or other funding for the pupils attending the Unit. In future, these pupils will be included in the school’s funded number on roll in the same way as all other children are, attracting additional deprivation etc. funding where eligibility criteria is met. Funding of £6,000 per place where the place is occupied by pupils in years reception to 11 on the roll of the school at the time of the October school census return will then be added. The extent to which relevant schools will experience a funding gain or loss from this change will be determined by the amount of per pupil funding pupils in the Unit attract. Where this is below £4,000 there will be a loss, but a higher amount will result in a gain. Places commissioned by LAs at census date that are empty, but held for a future placement will continue to be funded at the current £10,000. The financial impact of this change will need to be determined for relevant schools and considered when the calculation for any top-up funding above the £10,000 threshold is required.
3. With the increase in funding through the Pupil Premium Plus Grant, there is no longer a requirement to include a factor in local funding formulas to distribute money according to the number of looked after children.

Services agreed to be centrally managed by the Council in 2018-19

Service Area	Schools Block	Central School Services Block
<u>Historic commitments:</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
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>		
Forestcare out of hours support service		£4,850
Borough wide Initiatives		£27,270
Support to Schools Recruitment & Retention		£7,470
<u>Growth Fund:</u>		
Significant in-year growth in pupil numbers	£285,810	
Key Stage 1 class sizes	£86,390	
Start up costs for new schools	£91,000	
<u>Statutory and regulatory duties:</u>		
'Retained' elements		£260,000
<u>Other expenditure:</u>		
School Admissions		£175,970
Schools Forum		£21,440
Boarding Placements for Vulnerable Children		£58,880
Central copyright licensing		£79,000
Total	£463,200	£1,040,560
	£1,503,760	

* Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit 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.

Outline of LA education related statutory and regulatory duties

In the 2015 Spending Review, the DfE announced a saving of £600m through the complete withdrawal of the ESG which is the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This follows cuts of £200m in 2015-16.

Despite withdrawal of the funding, nothing has changed in terms of the duties and responsibilities on the LA from Education Acts of which the main matters are:

- a) School Improvement, in particular expenditure incurred in connection with functions under the Education and Inspections Act 2008. The LA is required to use statutory powers where schools are under performing. This includes implementing interventions as defined in the Schools Causing Concern document 2016; including Schools that have been judged inadequate by Ofsted, Schools that are coasting, and Schools that have failed to comply with a warning notice. A range of statutory powers are available for the fulfilment of duties, including requiring the governing body to enter into arrangements of additional support, collaboration with other schools, appointing additional governors which includes paying a National Leader of Governance to be a temporary Chair of Governors and establishing an interim executive board which has the power to suspend the delegated budget.

Furthermore, LAs must exercise their education functions with a view to promoting high standards. They need to act as champions of education excellence across schools, to understand the performance of schools, using data to identify those schools that require improvement and intervention, work with the Regional Schools Commissioner to ensure swift and effective action is taken when underperformance occurs in a maintained school, including and using their intervention powers, where this will improve leadership and standards, encourage good and outstanding maintained schools to take responsibility for their own improvement and to support other schools, and enable other schools to access such support.

- b) Expenditure on monitoring National Curriculum assessment arrangements in the EYFS, KS1 and KS2 which includes identifying and training of moderators. Supply cover for schools is provided where moderators are employed. The Standards and Testing Agency also have an expectation that a thorough quality assurance process is in place for visits in schools.
- c) Finance, including preparation of budgets (including the Funding Formula for Schools), making grant claims, completion of statutory accounts, internal and external audit arrangements, managing a school's suspended delegated budget, developing and maintaining the financial framework that schools need to operate within, including the issuing of notice of financial concern and the action and monitoring required thereafter, and providing advice on procurement with a view to securing continuous improvement.
- d) Human Resources, including recruitment, training, continuing professional development, performance management and personnel management of staff, investigations of employees, or potential employees, functions in relation to local government superannuation, advice in relation to staff pay and the management of all such staff, the determination of conditions of service for non-teaching staff, the appointment or dismissal of employees, the investigation and resolution of complaints, liaison and negotiation with trade unions.
- e) Health and safety, including compliance with duties under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions that are defined and the LAs monitoring the performance role, including the provision of advice.
- f) Legal services relating to the statutory functions of the council.

- g) Planning and reviewing education related services.
- h) Provision of information to, or at the request of the Crown and the provision of other information which the authority is under a duty to make available.
- i) Compliance with the Equality Act 2010, including the LAs monitoring and performance role, including the provision of advice.
- j) Expenditure on establishing and maintaining electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools.
- k) Functions in relation to the standing advisory council on religious education including reconsideration and preparation of an agreed syllabus of religious education.
- l) Expenditure on the appointment of governors, the making of instruments of government, and the provision of information to governors. Links to statutory functions set out above in paragraph a).
- m) Education welfare services, including making arrangements to identify children not receiving education, send a written notice to a parent whose child of compulsory school age is not receiving suitable education and subsequent school attendance and education supervision orders, investigate the whereabouts of pupils who have poor attendance and administering and enforcing requirements and protections for those below compulsory school leaving age taking part in employment or performances.
- n) Asset management, including management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools.
- o) Therapies and other health related services. The Children and Families Act 2014 places a statutory duty on local authorities and local health bodies to commission services jointly to support disabled children and young people and those with special educational needs, including those who need therapy support.

SNFF Units of Resource compared to BF Funding Formula

Factor	National Core SNFF	BFCF Actual SNFF	BFC 2017-18 Actual	BFC 2018-19 Actual
	Unit of resource			
Per pupil funding:				
Age Weighted Pupil Unit: Primary	£2,747	£2,901	£2,831	£2,796
Age Weighted Pupil Unit: Secondary - KS3	£3,863	£4,080	£4,060	£4,066
Age Weighted Pupil Unit: Secondary - KS4	£4,386	£4,632	£4,060	£4,270
Additional needs funding:				
Deprivation				
Current FSM top up (Primary)	£440	£465	£470	£380
Current FSM top up (Secondary)	£440	£465	£1,450	£634
FSM anytime in last 6 years: Primary	£540	£570	£0	£86
FSM anytime in last 6 years: Secondary	£785	£829	£0	£350
IDACI band F: Primary	£200	£211	£406	£182
IDACI band E: Primary	£240	£253	£609	£445
IDACI band D: Primary	£360	£380	£813	£430
IDACI band C: Primary	£390	£412	£1,016	£430
IDACI band B: Primary	£420	£444	£1,219	£738
IDACI band A: Primary	£575	£607	£1,422	£914
IDACI band F: Secondary	£290	£306	£1,406	£1,329
IDACI band E: Secondary	£390	£412	£2,109	£1,254
IDACI band D: Secondary	£515	£544	£2,812	£2,940
IDACI band C: Secondary	£560	£591	£3,516	£1,998
IDACI band B: Secondary	£600	£634	£4,219	£7,370
IDACI band A: Secondary	£810	£855	£4,922	£2,831
Low prior attainment				
Low prior attainment: Primary	£1,022	£1,079	£642	£836
Low prior attainment: Secondary	£1,550	£1,637	£973	£1,216
English as an additional language (EAL)				
EAL: Primary	£515	£544	£247	£427
EAL: Secondary	£1,385	£1,463	£247	£777
LAC				
	£0	£0	£281	£0
Mobility				
	£0	£0	£315	£315
Lump sum:				
Lump sum: Primary	£110,000	£116,174	£160,000	£155,833
Lump sum: Secondary	£110,000	£116,174	£170,000	£148,573

IDACI is a deprivation measure linked to low family income and a pupil's home address post code.

Schools Forum Budget strategy

The Schools Forum has previously agreed a funding strategy to guide the setting of the Schools Budget, which in priority order is:

1. It has been included in the financial settlement from the DfE and it is consistent with local funding priorities;
2. It relates to a new or amended statutory responsibility / DfE Regulation;
3. There is sufficient income to fully fund changes in pupil characteristics, i.e: changes in pupil deprivation, low prior attainment, number of looked after children, English as an additional language and mobility;
4. The pressure relates to a key local priority;
5. Any remaining funds should be allocated using per pupil, high deprivation and low prior attainment data in the same proportion as the distribution of funds at the start of the financial year (previously around 93.5%/3.3%/3.2% in primary and 89.5%/5.9%/4.6% in secondary).

Services agreed for 'de-delegation' in 2018-19

Ref	Service area	Gross budget £k	Academy deduction £k	Potential retained LA budget £k
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Items requested for-delegation

1	Contingencies; support to schools in financial difficulty and exceptional costs in primary schools (1)	290	-95	195
2	Support to underperforming ethnic minority and bi-lingual pupils	127	-31	96
3	CLEAPSS licence fees	1	0	1
4	Staff supply cover for official absences (1, 2)	360	-102	258
5	Premature retirement / dismissal costs (1)	62	-18	44
6	Free school meals eligibility checking	20	-6	14
7	Behaviour and Education Support Team	300	-75	225
8	Anti-bullying co-ordinator	25	-7	18
	TOTAL	1,185	- 334	851

Items not to be requested for-delegation

9	SIMS (1) licence fees	89	-25	64
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- 1 Not available for buy-back by academy schools
 2 Includes maternity leave, trades union and staff suspensions.

2019-20 timetable for the data checking and calculation of the funding blocks

Date	DfE or ESFA activity	Local authority activity
July 2018	<p>Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2019 to 2020.</p> <p>NFF arrangements for 2019 to 2020 for schools, central school services and high needs published</p> <p>Draft APT issued to local authorities.</p>	
September 2018	<p>High needs funding operational guide for 2019 to 2020 issued to local authorities.</p> <p>Further information to illustrate 2019 to 2020 growth allocations will be provided to local authorities.</p>	
28 September 2018		<p>Deadline for submitting requests (for response by December) for:</p> <ul style="list-style-type: none"> • MFG exclusions • exceptional premises factors • sparsity factors • lump sum variations for amalgamating schools • pupil number reductions
4 October 2018	School census day.	School census day.
October to November 2018	Check and validate school census.	Check and validate school census.

Date	DfE or ESFA activity	Local authority activity
20 November 2018		Deadline for submitting requests (for response by the APT deadline) for: <ul style="list-style-type: none"> • MFG exclusions • exceptional premises factors • sparsity factors • lump sum variations for amalgamating schools • pupil number reductions
28 November 2018	School census database closed.	
30 November 2018		Deadline for submitting requests for: <ul style="list-style-type: none"> • movement of funding out of the schools block which is above the limit of 0.5%, or which the schools forum has not approved, or both
Mid-December 2018	Final APT issued to local authorities, containing October 2018 census-based pupil data and factors. Publication of 2019 to 2020 DSG schools block (prior to academies recoupment), central school services block and revised high needs block allocations for 2019 to 2020.	
Late 2018	Publication of initial early years block allocations.	
Mid-January 2019		Schools forum consultation and political approval required for final 2019 to 2020 funding

Date	DfE or ESFA activity	Local authority activity
		formula.
21 January 2019		Deadline for submission of final 2019 to 2020 APT to ESFA.
28 February 2019		Deadline for confirmation of schools budget shares to mainstream maintained schools.
February to March 2019	2019 to 2020 allocation statements issued to post-16 institutions, academies, and NMSS.	
February 2019	Publication of 2019 to 2020 high needs place numbers at institution level.	
29 March 2019	Confirmation of 2019 to 2020 general annual grant for academies open by 9 January 2019.	
April 2019	First DSG payments to local authorities based on 2019 to 2020 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.	
Summer 2019	Early years block updated for January 2019 early years pupil numbers.	
Summer 2020	Early years block updated for January 2020 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2019 to March 2020)	

Note: a number of the actions can only be completed by the indicated dates provided all schools successfully submit their census data on time and the DfE releases key information by the expected dates.

(ITEM)

TO: SCHOOLS FORUM
DATE: 20 SEPTEMBER 2018

ARRANGEMENTS FOR ADDITIONAL FINANCIAL SUPPORT TO SCHOOLS **Executive Director of People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek agreement from the Forum in respect of proposals for additional financial support to schools, in particular, approval of new applications for licensed deficit arrangements.
- 1.2 An update on the current position in respect of previously agreed loans is also presented, as well as an update on the funding allocations made to schools in financial difficulties under the powers delegated by the Forum to the Executive Director of People.

2 EXECUTIVE SUMMARY

- 2.1 Schools can experience short term financial difficulties for a number of reasons and these can normally be readily resolved over the medium term. To help manage change through a planned rather than reactive process, the Schools Forum can agree support measures to maintained schools.
- 2.2 Proposals for financial support for 2018-19 include agreeing medium term financial plans in 3 schools that require permission to overspend in aggregate by up to £0.590m in the short term but demonstrate the ability to fully repay the over spending and return to a surplus position.
- 2.3 Information is also presented in respect of one-off funding support provided to schools in, or in danger of entering an Ofsted category, as agreed by the Executive Director of People.

3 RECOMMENDATIONS

That the Schools Forum NOTES:

- 3.1 **The previously agreed loans for the following schools are on target to be repaid in accordance with the agreed conditions:**
 - i. **Easthampstead Park Secondary School;**
 - ii. **Birch Hill Primary School;**
 - iii. **Ascot Heath Infant School;**
 - iv. **Sandhurst Secondary.**

That the MAINTAINED SCHOOL REPRESENTATIVES on the Schools Forum AGREE:

3.2 That subject to the school governors confirming the funding schedule and compliance with the associated terms and conditions of the available deficit arrangement:

- i. Sandhurst Secondary School receive a licensed deficit of up to £0.510m, for full repayment by 31 March 2022 (paragraphs 6.20 to 6.25);**
- ii. Pines Primary School receive a licensed deficit of up to £0.075m, for full repayment by 31 March 2021 (paragraph 6.26);**
- iii. Winkfield St Mary's Primary School receive a licensed deficit of up to £0.030m, for full repayment by 31 March 2021 (paragraph 6.27).**

4 REASONS FOR RECOMMENDATIONS

4.1 It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters that are intended to provide short term assistance to schools in financial difficulties.

5 ALTERNATIVE OPTIONS CONSIDERED

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

6 SUPPORTING INFORMATION

Background

6.1 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.

6.2 Alternatively, licensed deficit and loans can be agreed. In accordance with DfE requirements, licensed deficits can be used 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 a loan can be used where a capital investment is proposed but the school does not yet have the full resources to afford the purchase. In most instances, schools are required to fully repay any amounts, including where relevant, any associated interest. More information on terms and conditions of financial support are set out below.

6.3 Neither of these options are available to academy schools.

Additional funding that is not required to be repaid

Background and summary

- 6.4 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 Executive Director of People and the Director of Finance, 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.
- 6.5 Where schools enter an Ofsted category of concern, this includes those schools judged to be inadequate or requiring improvement, the LA holds a declaration of concern meeting and establishes a Standards Monitoring Board (SMB). The Board has an independent chair and senior officers of the LA as members. The headteacher and Chair of Governors of the school are invited to attend the SMB 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 SMB can request that additional resources be sought.
- 6.6 For schools identified by the LA as causing concern despite having a good judgement by Ofsted a declaration of concern meeting takes place and a Standards Monitoring Board (SMB) can be established of which the head teacher and Chair of Governors are invited to attend. The boards meet regularly to discuss progress and determine with the school where additional resources might be required.
- 6.7 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 Executive Director of People 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.
- 6.8 The level of allocation of funds would be:
1. schools judged to have serious weaknesses (up to £20k per year)
 2. schools deemed to be in need of special measures (up to £50k per year)
 3. schools at risk of receiving a judgement of serious weaknesses or entering special measures (up to £30k per year)
- 6.9 To date, additional financial support has been approved for 2018-19 by the Director under the delegated powers in the value of £55,359 to 4 schools. Annex A sets out the full policy for agreeing additional financial support that was reviewed and agreed at the last meeting of the Forum with Annex B presenting more information on the allocations to schools and other commitments. A report will be presented to the Forum at the end of the financial year confirming any allocations made subsequent to this report.

Licensed Deficit and Loan Arrangements

Background and summary

- 6.10 There are circumstances where schools may experience budget difficulties and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through licensed deficit and loan arrangements which provide for additional short term funding 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.
- 6.11 Forum Members will recall that the last meeting agreed that in response to changes in government requirements, the loan scheme would in future only be available to support schools in the purchase of a capital asset, with a new licensed deficit arrangement option introduced to support schools with a shortfall in general income compared to required spend.
- 6.12 The main impact of the change in DfE criteria for the award of loan is that schools converting to an academy as a result of intervention and underperforming schools which the Secretary of State judges are not strong enough to become an academy without a strong sponsor will no longer need to repay loans unless they are for the purchase of significant one-off capital assets. Any accumulated deficit at the point of transfer will fall onto the general contingency in their Schools Budget to finance.
- 6.13 A summary of the circumstances in which a licensed deficit 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.

Annex C sets out the full details of the licensed deficit and loan schemes.

- 6.14 As a preliminary to presenting a deficit or 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.
- 6.15 The governing body of a school receiving agreement to financial support 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 Executive Director of People and the Director of Finance and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.

Update on existing loans

- 6.16 There are 5 maintained schools where the Schools Forum has previously agreed loan arrangements. The current status of each loan, together with any recommended changes, are set out below.

Maintained Schools

Easthampstead Park Secondary School

- 6.17 Easthampstead Park Secondary School received a loan of £0.45m to cover a short term over spending, to be repaid by March 2020 (1 year extension agreed in 2016) through future budget increases anticipated from a rise in pupil numbers. The medium term budget plan has been revised to reflect updated pupil number forecasts and other relevant information and this continues to demonstrate that the school can set a balanced budget for 2018-19. However, moving further forward, whilst increases in pupil numbers are anticipated, the rate of increase is lower than originally expected and work is currently underway to identify options that will allow for the budget to be balanced and the loan repaid. At this stage, no change is proposed to the existing loan agreement.

Birch Hill Primary School

- 6.18 A loan of £0.030m was agreed in 2016, to be fully repaid by 31 March 2019 through 2 equal payments of £0.015m in both 2017-18 and 2018-19. In reviewing the medium term budget plan, despite further savings being made and changes to practice implemented, additional cost pressures mean it was no longer considered possible to make repayments in accordance with the original schedule and therefore the Forum agreed that the repayment period was extended by 1 year to 31 March 2020, with 3 equal annual repayments of £0.010m from 2017-18 through to 2019-20. At this stage, the repayment schedule is on target, and no change is proposed to the existing loan agreement.

Ascot Heath Infant School

- 6.19 Ascot Heath Infant School was granted a loan of £0.020m to be fully repaid by 31 March 2019 with a £0.020m repayment in 2018-19. This would allow the school to put in place a cost reduction plan in a measured way to allow transition to a Published Admissions Number (PAN) of 60 from the current number of 70. As well as better facilitating classroom teaching organisation, a reduced PAN would then be in alignment with the PAN at Junior School, thereby aiding pupil transition between the two schools. At this stage, the repayment schedule is on target, and no change is proposed to the existing loan agreement.

Sandhurst Secondary School

- 6.20 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. The agreed loan plan would result in an outstanding balance of £0.190m at the end of 2017-18, reducing to £0.050m at the end of 2018-19 with the final repayment to be made in 2019-20 at which point the school would be in a surplus.

6.21 The 2017-18 financial year resulted in an unexpected over spending of £0.246m. After taking account of the outstanding loan advance, the expectation was a balanced budget. The council has reviewed financial performance with senior school staff and governors which identified the following key areas where financial performance has varied from that expected in the original budget plan:

- +£0.090m on cost of teachers. The majority of this was as a result of a late and unbudgeted addition to the teaching staff alongside 3 further members of staff being given additional hours following necessary timetable revisions. This further meant that additional TLRs were allocated to ensure leadership of the resulting revisions was robust. The overspend includes both permanent and supply teachers and also payroll add-on costs, in particular pension and NI contributions.
- +£0.045m on agency staff. There was greater use of agency cover staff than previous years, on which the budget was based along with 2 longer term temporary members of staff employed by the school to support the effective delivery of the curriculum.
- +£0.025m on staff recruitment. Previously the school had had to rely very little on employing staff through recruitment agencies / placement of advertisements, however with the market place changing with regard to the supply of teachers, the school had to use the services of agencies for the recruitment of 6 members of staff as opposed to just 2 originally anticipated.
- +£0.015m for water. The school experienced a significant water leak over a weekend which resulted in a forced closure for 2 days. Further, the unit cost and usage of water were both greater than budgeted due to on-going issues and price rises.
- +£0.015m on classroom supplies and services. Whilst the majority of this overspend is down to small adverse variances, significant additional costs were experienced in respect of the purchase of a whole new set of maths text books following changes to the syllabus and the purchase of a software package to support raising achievement amongst KS3 students.
- +£.015m on increased use of counsellors. The school has provided a significant counselling service to its students as a part of its overall support strategies.
- +£0.025m in-year budget increase anticipated from increased student numbers that did not materialise.

6.22 The 2017-18 over spending has an impact on future year budgets as the underlying cost base has increased. Therefore, considerable work has been required to review and update the medium term budget plan to include realistic and complete forecasts in order to accurately determine likely future financial performance. This shows that in each of the next 4 years, after allowing for inflation and school generated income (which includes grants such as the pupil premium) net expenditure is expected to remain stable at around £5.2m per annum.

6.23 In terms of income from the Funding Formula for Schools, this is forecast to increase from £4.9m in 2018-19 to £5.3m in 2019-20 and £5.4m thereafter and reflects the 2

oldest year groups of 184 and 144 being replaced by numbers close to the maximum available intake of 210. These changes are expected to result in a 2018-19 over spending of £0.510m, reducing to £0.385 in 2019-20, £0.175m in 2020-21, before generating a surplus in 2021-22.

- 6.24 Taking account of the detailed work undertaken with the school, the council considers a clear recovery plan is in place which provides a strong basis to repay the short term over spending and recommends that the Forum agrees a licensed deficit in the value set out above.
- 6.25 However, due of the size of the proposed licensed deficit and the difficulties experienced during 2017-18, additional monitoring arrangements are to be put in place so that to the end of the 2018-19 financial year, there will be monthly budget monitoring review meetings where the Head Teacher and Business Manager present to the Council a full analysis of spend to date and a forecast to year end in order to provide a regular and up to date forecast year end balance together with detailed explanations of any anticipated budget variations. These monitoring arrangements will be kept under review and depending on performance during the year, may be relaxed or tightened.

New licensed deficits proposed for 2018-19

The Pines Primary School

- 6.26 The Pines Primary School is currently expanding from a 1 form entry primary school to a 2 form entry and has requested a licensed deficit of £0.075m to be fully repaid by 31 March 2021, with a maximum over spending of £0.050m at 31 March 2019, increasing to £0.075m at 31 March 2020 before moving to a surplus by March 2021. This request will allow the school to maintain single aged year groups as pupil numbers increase and continue to improve teaching and learning outcomes while responding rapidly to a challenging educational environment in the school by retaining high quality teachers in post. Support and advice is being provided by the council through a Standards Monitoring Board. Cost reductions are mainly planned to be taken from 2019 when the school will be in a stronger position to implement changes to the staffing structure. The Forum is recommended to agree this licensed deficit request.

Winkfield St Marys Primary School

- 6.27 Winkfield St Mary's Primary School, a 1 form entry primary school, has requested a licensed deficit of £0.030m to be fully repaid by 31 March 2021, with a maximum over spending of £0.020m at 31 March 2019, reducing to £0.010m at 31 March 2020 and moving to a surplus by March 2021. This request will allow the school to put in place a cost reduction plan in a measured way to recover the £0.025m over spending recorded at the end of 2017-18 which has been built up over several years due to a number of factors but mainly led by lower income from reduced pupil numbers. Coupled with the on-going need to focussing on high quality teaching following an Ofsted inspection that judged the school as Requires Improvement, a medium term recovery plan is required to ensure improvement targets are met. The main areas that cost reductions will be achieved include support services, re-negotiated contracts for supplies and services and greater use of senior staff for covering staff absence. The Forum is recommended to agree this licensed deficit request.
- 6.28 The ability to repay all of these loans and deficits is generally dependent of increases in pupil numbers raising future income at a faster rate than associated cost

increases, reducing costs, or a combination of both. Loans and deficits to cover short term funding difficulties are granted on an interest free basis.

Summary of licensed deficits and loans for maintained schools (agreed and now proposed)

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

Table 1: Summary Schedule of School Loan and Licensed Deficit Requests

Item	Previously agreed £	2018-19 proposals £	2019-20 £	2020-21 £	2021-22 £
Total advances	£740,000	£590,000	£25,000	£0	£0
Total repayments	-£60,000	-£220,000	-£605,000	-£295,000	-£175,000
Total outstanding	£680,000	£370,000	-£580,000	-£295,000	-£175,000
	£1,050,000				

Academy schools

- 6.30 Whilst new loan / licensed deficit arrangements are not available to academy schools, 3 schools that have converted to an academy did so with an outstanding balance on a previously agreed loan. In each instance, repayment of the original loan amount was incorporated as a legally binding condition to the academy transfer.

Wildmoor Heath Primary School

- 6.31 Wildmoor Heath Primary School has received a number of relatively small loans as the financial situation of the school changed. The school converted to an academy on 1 January 2018 with an outstanding balance of £0.048m with the legal agreement confirming on-going liability of the school to make the agreed repayments. £0.033m has subsequently been repaid as required, with the remaining £0.015m due for repayment in April 2019.

Great Hollands Primary School

- 6.32 A loan of £0.025m was agreed in 2016 with a further £0.005m advance due on 1 April 2017, to be fully repaid by 31 March 2019 through a single repayment of £0.030m in 2018-19. As the school converted to an academy on 1 July 2017, the second advance of £0.005m was not made and the outstanding balance of £0.025m was fully repaid as part of the financial arrangements put in place at the point of academy transfer.

Brakenhale

- 6.33 In 2015 a loan of £0.190m was agreed for Brakenhale. The school converted to an academy on 1 April 2016 with an outstanding loan balance of £0.130m. As part of the transfer arrangements, it was agreed that the school needed more time to repay the loan as it recovered from a Requires Improvement Ofsted inspection judgement and built up pupil numbers. A revised repayment schedule was agreed that would result in 36 monthly repayments of £3,611 from September 2018 to 31 August 2021 and a direct debit has been provided to enable efficient repayment.

Summary

- 6.34 Table 1 above confirms the significant value of outstanding deficits and loan advances and Annex B identifies the concentration towards secondary schools. At £1.050m, this represents 18% of the £5.818m aggregate of surplus balances held in the Schools Budget which are the funds used to finance advances. The scheme limits the amount of financial support to no more than 40% of the aggregate of surplus balances held in the Schools Budget, which currently amounts to £2.327m.
- 6.35 The increased request for financial support 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.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

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

Impact Assessment

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

Strategic Risk Management Issues

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

8 CONSULTATION

Principal Groups Consulted

- 8.1 None.

Method of Consultation

- 8.2 Not applicable.

Representations Received

- 8.3 Not applicable.

Background Papers

None.

Contact for further information

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(01344 354054)

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Criteria for the allocation of additional funds to support schools facing financial difficulties

Outline of the scheme

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, de-delegated funding has been set aside in the School's Budget for this purpose. The criteria to be used to allocate this funding has also previously been agreed, and a school would qualify for additional financial support if, in the opinion of the Director of Children, Young People and Learning and the Borough Treasurer, they:

1. were 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. were in or likely to fall into one of the Ofsted categories of causing concern, including serious weaknesses or special measures.

Where additional funding is agreed, it is on condition that the senior managers and relevant governors of each school attend regular monitoring meetings with officers of the Council, provide such financial and other information that is requested, and do not make any significant deviations in spending, either in magnitude or by type without the approval of the Director of Children, Young People and Learning.

Before any proposed allocation of such funds is passed on to relevant schools, they are reported to and agreed by the Schools Forum. However, this can cause uncertainty and result in a delay in releasing resources to meet an immediate need.

Powers delegated to the Director of Children, Young People and Learning

In order to allow funds to be allocated within an appropriate time scale it is recommended that a set of principles be agreed by the School Forum which allows the Director of Children, Young People and Learning discretion to allocate funds up to but not exceeding a set level dependent on the Ofsted category of the school. Any such allocations would subsequently be reported to the Schools Forum.

The level of allocation of funds would be:

1. schools judged to have serious weaknesses (up to £20k per year)
2. schools deemed to be in need of special measures (up to £50k per year)
3. schools at risk of either judged to have serious weaknesses or entering special measures (up to £30k per year)

With a maximum value of aggregate allocations of £150k in any one financial year without the express approval of the Schools Forum.

Allocations will only be agreed where the relevant school has demonstrated insufficient funds exist within the budget to fund the required actions or activities.

Where schools enter an Ofsted category of concern (judged to have serious weaknesses or placed into Special Measures) the LA establishes a Standards Monitoring Board (SMB). The Board has an independent chair and senior officers of the LA as members. The headteacher

and Chair of Governors of the school are invited to attend the SMB 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 SMB can request that additional resources be sought. Any such requests are approved by the Director of Children, Young People and Learning. Funds would be allocated to the school from those held for schools in financial difficulty.

Approved by the Schools Forum on 21 June 2018.

2018-19 initial funding allocations to schools in financial difficulties

Allocations agreed under the Director's delegated powers

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. £22,326 to College Town Junior School. To strengthen the capacity of the leadership to ensure standards improve in July 2018. Executive Headteacher support 2.5 days a week from April 2018 until August 2018. School vulnerable to being judged coasting. If the school was inspected now would be in danger of not remaining good.
2. £4,000 to The Pines Primary School. To strengthen the capacity of the leadership to ensure standards improve in July 2018 and that the school is ready for its next Ofsted inspection. Support from an experienced Headteacher.
3. £10,435 to Easthampstead Park Secondary School. To assist the school in developing marketing skills to maximise opportunities to attract designated area pupils to the school to build up income to facilitate repayments of the existing loan.
4. £18,598 to Holly Spring Juniors. Appointment of an additional experienced Headteacher to support capacity within the school. 2 days per week for the summer term – April – August 2018. School vulnerable to being judged inadequate. Results in 2016 and 2017 were below the floor standard.

LA expenditure

In addition to these school allocations, the Forum has also agreed that up to £60,000 of School Adviser and other professional staff support time, such as HR and Finance can be funded from this budget

**Extract from the BFC Scheme for Financing Schools:
Licensed deficit arrangements**

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to over spend their budget allocation through a licensed deficit arrangement. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools and any unspent funding in the Schools Budget Unallocated Reserve, and will be considered on an individual basis. General features of the scheme are detailed below:

Circumstances in which licensed deficit arrangements 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).

Outline features of the scheme.

- the maximum length over which schools may repay the licensed deficit is 3 years (i.e. reach at least a zero balance).
- arrangement for a licensed deficit 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.

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 licensed deficit is agreed 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, will not attract interest.

Outline controls on licensed deficits

- the maximum proportion of the collective balances held by the authority including any unspent funding in the Schools Budget Reserves and Balances which will be used to support the arrangement shall not exceed 40%
- the Director of Children Young People and Learning and the Borough Treasurer of the authority will make recommendations to the Schools Forum and Executive Member for Children, Young People and Learning to agree any licensed deficits 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.

Extract from the BFC Scheme for Financing Schools: Loan arrangements

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to receive a loan in advance of future budget allocations. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools and any unspent funding in the Schools Budget Unallocated Reserve, 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. 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).
2. 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.

- ordinarily, the maximum length over which schools may repay the loan is 3 years (i.e. reach at least a zero balance), however, longer periods are available 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, 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.

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, with loans likely to attract interest.

Outline controls on loans

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

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

Summary school loan and deficit agreements for maintained schools

School	Loan no.	Deficit no.	Previously agreed £	2018-19 proposals £	2019-20 £	2020-21 £	2021-22 £	Total £
Advances in year								
Ascot Heath Infant	1		20,000	0	0	0	0	20,000
Birch Hill	1		30,000	0	0	0	0	30,000
Easthampstead Park	2		450,000	0	0	0	0	450,000
Sandhurst	2		240,000	0	0	0	0	240,000
Sandhurst		1	0	510,000	0	0	0	510,000
The Pines		1	0	50,000	25,000	0	0	75,000
Winkfield St Mary's		1	0	30,000	0	0	0	30,000
Total			740,000	590,000	25,000	0	0	1,355,000
Repayments in year								
Ascot Heath Infant	1		0	-20,000	0	0	0	-20,000
Birch Hill	1		-10,000	-10,000	-10,000	0	0	-30,000
Easthampstead Park	2		0	-40,000	-410,000	0	0	-450,000
Sandhurst	2		-50,000	-140,000	-50,000	0	0	-240,000
Sandhurst		1	0	0	-125,000	-210,000	-175,000	-510,000
The Pines		1	0	0	0	-75,000	0	-75,000
Winkfield St Mary's		1	0	-10,000	-10,000	-10,000	0	-30,000
Total			-60,000	-220,000	-605,000	-295,000	-175,000	-1,355,000
Closing balance outstanding								
Ascot Heath Infant	1		20,000	-20,000	0	0	0	0
Birch Hill	1		20,000	-10,000	-10,000	0	0	0
Easthampstead Park	2		450,000	-40,000	-410,000	0	0	0
Sandhurst	2		190,000	-140,000	-50,000	0	0	0
Sandhurst		1	0	510,000	-125,000	-210,000	-175,000	0
The Pines		1	0	50,000	25,000	-75,000	0	0
Winkfield St Mary's		1	0	20,000	-10,000	-10,000	0	0
Total Financial Support			680,000	370,000	-580,000	-295,000	-175,000	0
Total Financial Support			1,050,000					
Schools Budget Reserves and Balances			5,818,000					
Financial support % of total Reserves and Balances			18.0%					

TO: SCHOOLS FORUM
DATE: 20 SEPTEMBER 2018

THE SCHOOLS BUDGET – 2018-19 BUDGET MONITORING **Executive Director of People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this annual report is for the Schools Forum to receive an update on the 2018-19 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 EXECUTIVE SUMMARY

- 2.1 At this early stage of the financial year, initial monitoring of the revenue budget indicates a forecast year end under spending of £0.116m which mainly arises as a result of the revised amount of Department for Education (DfE) grant income being £0.163m greater than the amount assumed when the budget was originally set.
- 2.2 Work on the provision of school places continues to progress through the capital programme, with the secondary phase at Kings Academy Binfield now open and various other projects in progress. Significant maintenance schemes at schools are also underway, prioritised through the findings on condition surveys.

3 RECOMMENDATIONS

That the Schools Forum NOTES:

- 3.1 **the budget variances being forecast on the Schools Budget that total to an aggregate net forecast under spending of £0.116m, (paragraph 6.8);**
- 3.2 **progress to date on the Education Capital Programme, as summarised at Annex 2.**

4 REASONS FOR RECOMMENDATIONS

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

5 ALTERNATIVE OPTIONS CONSIDERED

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

6 SUPPORTING INFORMATION

2018-19 Monitoring of the Schools Budget (Revenue)

Approved budget

- 6.1 Budget proposals for the 2018-19 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.
- 6.2 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 £90.161m as the estimated amount of DSG. Other grant income of £6.480m was also expected from the Education and Skills Funding Agency (ESFA) for sixth forms, the Pupil Premium, Primary PE and Sports activities and the Universal Infant Free School Meals initiative. With £0.123m of general income also anticipated, there was originally expected to be £96.764m of income available to fund expenditure within the Schools Budget.
- 6.3 A number of adjustments have been required since the original budget was agreed as follows:
- Schools Block:
- a) the Forum agreed that £0.394m should be drawn down from the £0.8m held in the New School Reserve to balance planned spend to estimated income. This would ensure that all of the £1.7m new year income received through the DSG would be allocated to existing schools, with the cost increase arising from new schools being met from prior year under spendings.
- Self-balancing virement between High Needs Block and DSG:
- b) The DfE has recalculated the adjustment made to LA High Needs Block funding allocations to ensure the resident LA funds the cost of places taken up by their pupils in other LA specialist providers. The deduction for BFC has reduced by £0.163m, which has been balanced off by an equivalent increase in budget for non-maintained special schools.
- 6.4 Overall, these changes result in an anticipated level of DSG of £90.325m with total funding of £97.321m. 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 b) above referenced to the relevant budget lines.
- 6.5 Other budget changes will be processed later in the year once further information and full reconciliations have been completed in respect of the academy school funding deduction from the DSG made by the EFSA to pay funding direct to relevant schools, and also a revised Early Years DSG allocation that will take account of actual participation rates on the free entitlement to early years education and childcare, including the extension from 15 hours a week to 30 hours a week for eligible families.

Forecast budget variances

- 6.6 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.
- 6.7 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 2019-20 budget is agreed, including 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 considered in next year's budget.
- 6.8 Provisional budget monitoring information available at the end of July indicates that the Schools Budget will under spend by £0.116m this year. Clearly this is very early on in the financial year, with numerous spending decisions yet to be taken or trends established, so there is the potential for significant change over the coming months, particularly in relation to volatile High Needs budgets. 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:

De-delegated budgets:

Whilst there are no significant variances to report at this stage, any aggregate year end underspending will be returned to maintained schools, provided the overall Schools Budget under spends by at least the same amount.

Other Schools Block provisions and support services - £0.198m over spend:

- 1) 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 2018-19 of £0.175m and is expected to be financed from savings within the overall Schools Budget.

Furthermore, an indicative estimate of in-year growth allowances that will be due to schools experiencing significant increases in pupil numbers indicates an overspending of £0.035m. Final figures will be available once the autumn term school census has been validated with the current forecast subject to change.

High Needs Block:

Members of the Forum will be aware that budget items 2) to 6) below represent the most unpredictable and volatile education budgets that the council is responsible for. Therefore, a considerable 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 £0.250m is included in the forecasts until such time as greater certainty is available relating to placement details and their costs. The contingency amount is reviewed each month and adjusted accordingly. Forecasts reported at this time for external pupil placements and top up funding for mainstream schools 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.

- 2) **Delegated Special School Budgets - £0.049m 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 a £0.049m over spend.
- 3) **Maintained schools and academies – £0.290m 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 £0.290m over spend. There is a cost pressure of £0.044m from BF schools, with a £0.170m pressure from placements in other LA schools. This budget line includes the contingency for future cost increases of £0.100m for which at this time no spend has been incurred.
- 4) **Non-maintained special schools and colleges – £0.465m 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 £0.465m under spend. Note, £0.163m of the under spending arises from the in-year increase in DSG mentioned in paragraph 6.3 b). This budget line includes the contingency for future cost increases of £0.150m for which at this time no spend has been incurred.
- 5) **Education out of school - £0.022m over spend.** The main change relates to a £0.030m forecast over spending on the cost of home tuition services as more students are receiving tuition. There are a number of other relatively small variances across a wide number of budgets.
- 6) **Other SEN provisions and support services - £0.107m under spend.** The main change relates to a £0.075m saving on the Early Opportunities initiative that was agreed as a new development for 2018-19 which has not proceeded as planned. The intention was that Kennel Lane Special School and a mainstream school would provide up to 2 terms of support to complete the assessments for under 5's. With Kennel Lane nearing capacity with only 2.5 places available, it will not now be possible to proceed. There are a number of other relatively small variances across a wide number of budgets.

Early Years Block:

- 7) **Free entitlement to early years education - £0.035m under spend.** Data available from the summer term census, and an estimate of take up for the remainder of the year, including the recently introduced additional 15 hours per week entitlement for eligible working families indicates an under spend of £0.035m.

Dedicated Schools Grant:

- 8) **Dedicated Schools Grant - £0.058m under spend.** The DfE recalculates Early Years DSG funding for delivering the free entitlement to childcare and early education following receipt of the January 2018 census data. The validation process takes until June and final adjustments are therefore confirmed after the relevant accounts are closed. The 2017-18 adjustment will be a £0.072m reduction, compared to an estimated claw-back of £0.130m, resulting in a £0.058m underspend in the 2018-19 accounts.

2018-19 Education Capital Programme

Approved budget

6.9 The current Education Capital budget approved by the council amounts to £23.075m, and comprises £6.701m of council funding, £2.323m from housing developers and £14.051m from various grants and other income, of which £11.204m is DfE Basic Needs Grant (for delivery of school places). This represents a significant investment and funds:

- School related projects, including place programme and Devolved Formula Capital £20.584m
- School Planned Maintenance £1.969m
- Other projects £0.522m

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

Forecast budget variances

6.10 At this stage, spend of £13.636m is anticipated this financial year, with £9.439m slipping into 2019-20 to reflect the phasing of works.

6.11 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.

6.12 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 investment from the Council to fully finance the schemes required in the short term, with funding pressure expected to arise over the medium term.

6.13 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.

Next steps

6.14 Budget monitoring will continue and any emerging issues will be incorporated into budget proposals and presented to the Forum at the appropriate time.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

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

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 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;
 - 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

8 CONSULTATION

- 8.1 Not applicable.

Background Papers

None.

Contact for further information

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**PROVISIONAL BUDGET MONITORING STATEMENT FOR THE
SCHOOLS BUDGET AS AT THE END OF JULY 2018**

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	71,986	0	71,986		0	0	0	
School Grant income	0	-5,975	-5,975		0	0	0	
Schools Block	71,986	-5,975	66,011		0	0	0	
<u>LA managed items:</u>								
Retained de-delegated Budgets:								
<i>Behaviour</i>	247	-7	240		-1	0	-1	
<i>Schools in Financial Difficulty</i>	194	0	194		-14	0	-14	
<i>Official Staff Absences</i>	251	0	251		0	0	0	
<i>English as an Additional Language</i>	99	0	99		0	0	0	
<i>PRC / Licence Fees / FSM checking</i>	401	0	401		0	0	0	
<i>Under spend returned to maintained schools</i>	0	0	0		0	15	15	
Combined Service Budgets:								
<i>Education Attainment and School Transport for LAC</i>	176	0	176		0	5	5	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106		0	0	0	
<i>CAF Co-ordinator</i>	42	0	42		0	0	0	
<i>SEN Contract Management</i>	33	0	33		0	0	0	
<i>Education Health / Sport</i>	48	0	48		0	0	0	
Statutory and Regulatory Duties	489	0	489		0	0	0	
Other Schools Block provisions and support services	838	0	838		-12	210	198	1
LA managed items:	2,924	-7	2,917		-27	230	203	
Sub total Schools Block	74,910	-5,982	68,928		-27	230	203	
High Needs Block								
Delegated Special Schools Budgets	3,963	0	3,963		0	49	49	2
Post 16 SEN and other grants	0	-505	-505		0	0	0	
Maintained schools and academies	3,137	-22	3,115		-131	421	290	3
Non Maintained Special Schools and Colleges	5,244	0	5,244	b	-1,169	704	-465	4
Education out of school	1,265	-3	1,262		-10	32	22	5
Other SEN provisions and support services	1,766	-68	1,698		-151	44	-107	6
Sub total High Needs Block	15,375	-598	14,777		-1,461	1,250	-211	
Early Years Block								
Free entitlement to early years education	6,807	-3	6,804		-35	0	-35	7
Other Early Years provisions and support services	229	-19	210		-22	7	-15	
Sub total Early Years Block	7,036	-22	7,014		-57	7	-50	
Dedicated Schools Grant	0	-90,325	-90,325	b	-58	0	-58	8
Draw down from Earmarked Reserves	0	-394	-394	a	0	0	0	
TOTAL - Schools Budget	97,321	-97,321	0		-1,603	1,487	-116	
<u>Note on Unallocated Schools Budget balance:</u>								
Opening unringfenced balance on Schools Budget							-1,994	
2018-19 forecast in-year net variance							-116	
Net forecast unallocated balance at 31 March 2018							-2,110	
Transfers to Earmarked Reserves subject to agreement by Schools Forum:								
New school start-up / diseconomies							1,171	
SEN / HNB Funding Initiatives							163	
Amount above £0.66m minimum prudential level of balances							-116	

See paragraphs 6.3 and 6.8 for an explanation to the notes

CAPITAL MONITORING 2018/19

Dept: Children, Young People and Learning

As at 31 July 2018

Cost Centre Description	Approved Budget 2018/19	Cash Budget 2018/19	Expenditure to Date	Estimated Outturn 2018/19	Carry Forward 2018/19	(Under) / Over Spend	Next Target / Explanatory Note	Current status of the project / notes
	£000's	£000's	£000's	£000's	£000's	£000's		
SCHOOL PROJECTS								
Amen Corner Primary (North)	388.7	388.7	0.0	388.7	0.0	0.0	Design completed	Design completed
Amen Corner Primary (South)	50.0	50.0	0.0	50.0	0.0	0.0	School/housing programmes match	Developer has outline planning permission for school, negotiating S106
Ascot Heath Schools Relocation	194.8	194.8	0.0	194.8	0.0	0.0	Possible Developer Construct Scheme	Planning application being considered
College Town Amalgamation	561.2	561.2	43.6	561.2	0.0	0.0	Feasibility report completed	Feasibility report completed. Amalgamation project going ahead in 2018/19
Crown Wood Primary	99.4	99.4	10.0	99.4	0.0	0.0	Completed	Completed. Extension of Time claim from Balfour Beatty is going through adjudication
Great Hollands Primary	225.7	225.7	60.5	225.7	0.0	0.0	On site	Completed
Jennett's Park CE Primary	11.5	11.5	2.8	11.5	0.0	0.0	Additional Classroom in September 2018	Final installment of furniture & equipment being provided in summer 2018
Meadow Vale Primary	126.0	126.0	7.6	126.0	0.0	0.0	Completed	Completed. Extension of Time claim outstanding but adjudication found in favour of BFC
Owlsmoor Primary	11.8	11.8	0.2	11.8	0.0	0.0	Completed	Completed
Pines (The) Primary	365.9	365.9	95.1	365.9	0.0	0.0	Phase 2 completed	Phase 1 completed, Phase 2 in mobilising for Sep-18 completion
TRL Primary	50.0	50.0	3.3	50.0	0.0	0.0	Design Completed	In design for Sep-22 opening, subject to planning
Warfield East Primary	50.0	50.0	0.0	50.0	0.0	0.0	School/housing programmes match	Developers in negotiation with planners over draft S106 provisions
Warfield West Primary	121.4	121.4	0.0	121.4	0.0	0.0	Completed	Completed
Wooden Hill Primary	21.4	21.4	1.2	21.4	0.0	0.0	Project on hold	Surge classroom on hold, not required for Sep-17, will review for Sep-18
Primary	2,277.8	2,277.8	224.3	2,277.8	0.0	0.0		
Easthampstead Park	308.7	308.7	19.2	308.7	0.0	0.0	Complete refurbishment	Refurbishment in phases in 2017/18 and 2018/19
Garth Hill College	61.6	61.6	0.0	61.6	0.0	0.0	Completed	Completed
Sandhurst Redevelopment	395.9	395.9	0.4	395.9	0.0	0.0	Masterplan completed	Refurbishment in phases in 2017/18 and 2018/19
Secondary	766.2	766.2	19.6	766.2	0.0	0.0		
Binfield Learning Village	7,905.7	7,905.7	2,955.3	7,905.7	0.0	0.0	On site	On site and on programme for opening in Sep-18 (secondary) and Sep-19 (primary)
Village	7,905.7	7,905.7	2,955.3	7,905.7	0.0	0.0		
Basic Need Grant for Allocation	8,682.6	0.0	0.0	0.0	8,682.6	0.0	Unallocated grant	Unallocated grant to be c/f to fund future years' projects
Holly Spring Infants Self Managed Capital	59.4	59.4	0.0	59.4	0.0	0.0	Completed	School managed project
Holly Spring Juniors Self Managed Capital	59.4	59.4	0.0	59.4	0.0	0.0	Completed	School managed project
Devolved Capital and other funds held by schools	701.9	450.3	31.5	450.3	251.6	0.0	On-going	In progress
Section 106 Developer Contributions	250.0	0.0	0.0	0.0	250.0	0.0	To be allocated to projects	Allocated to projects
Other Schools Related Capital	9,634.5	450.3	31.5	450.3	9,184.2	0.0		
SCHOOL PROJECTS	20,584.2	11,400.0	3,310.9	11,400.0	9,184.2	0.0		

Percentages

29.0%

100.0%

0.0%

CAPITAL MONITORING 2018/19

Dept: Children, Young People and Learning

As at 31 July 2018

Cost Centre Description	Approved Budget 2018/19	Cash Budget 2018/19	Expenditure to Date	Estimated Outturn 2018/19	Carry Forward 2018/19	(Under) / Over Spend	Next Target / Explanatory Note	Current status of the project / notes
	£000's	£000's	£000's	£000's	£000's	£000's		
CAPITAL MAINTENANCE/ CONDITION								
Planned works	1,969.4	1,776.1	126.1	1,776.1	193.3	0.0	In progress.	Forecast c/f is largely committed.
ROLLING PROGRAMME	1,969.4	1,776.1	126.1	1,776.1	193.3	0.0		

Percentages 7.1% 100.0% 0.0%

OTHER PROJECTS								
Integrated Children's Services	5.4	0.0	0.0	0.0	5.4	0.0	Go live Sep-16	Go live date met. Reporting module postponed.
CP-IS Project	58.0	45.0	0.0	45.0	13.0	0.0	Mar-18	In progress
Capita One (EMS) Upgrade	0.8	0.0	0.0	0.0	0.8	0.0	Mar-18	Solus upgrade completed. Remaining project elements deferred.
ICT projects	64.2	45.0	0.0	45.0	19.2	0.0		
Youth Facilities	101.8	101.8	3.8	101.8	0.0	0.0	Mar-17	Planning for modernisation and ongoing restructuring of the Youth Service.
Sandhurst Nursery Relocation	250.0	220.0	1.9	220.0	30.0	0.0		
Multi Agency Safeguarding Hub	4.3	0.0	0.0	0.0	4.3	0.0	Complete	ICT and accommodation fully delivered.
Places for 2 year olds	33.3	32.6	32.6	32.6	0.7	0.0	Mar-18	Portal delivered. Project for remainder of works in planning stage.
Priestwood Guide Centre	53.9	46.8	46.8	46.8	7.1	0.0	In progress	Works in train. Toilets/cloakroom complete. Roofing works in train.
Additional 30 Hours - 3-4 Year Olds	14.1	14.1	-1.4	14.1	0.0	0.0	Completed	Awaiting final certification to sign off.
Other	355.6	313.5	79.9	313.5	42.1	0.0		
OTHER PROJECTS	521.6	460.3	83.7	460.3	61.3	0.0		

Percentages 18.2% 100.0% 0.0%

TOTAL CAPITAL PROGRAMME	23,075.2	13,636.4	3,520.7	13,636.4	9,438.8	0.0		
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Percentages 25.8% 100.0% 0.0%

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