

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