

Notice of Meeting

Schools Forum

Martin Gocke (Pupil Referral Unit Representative (Governor))
(Chairman)
Stuart Matthews, Academy School Representative (Headteacher)
(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)
Leslie Semper, Academy School Representative (Headteacher)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)
Richard Stok, Primary School Representative (Governor)
Greg Wilton, Teacher Union Representative



Also Invited:

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

Thursday 16 July 2020, 4.30 - 6.00 pm
Microsoft Teams Meeting

Agenda

Item	Description	Page
1.	Apologies for Absence/Substitute Members	
	To receive apologies for absence and to note the attendance of any substitute members. Reporting: Joanna Gibbons	
2.	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. Reporting: ALL	

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3.	Minutes and Matters Arising	5 - 10
	To approve as a correct record the minutes of the meeting of 16 January 2020. Reporting: ALL	
4.	Coronavirus Pandemic – Initial Financial Considerations	11 - 18
	To outline the initial key financial considerations on schools arising from the coronavirus pandemic. Reporting: Paul Clark	
5.	Improving Leadership and Governance over Special Educational Needs Support and the High Needs Funding Block	19 - 26
	To provide an update on the proposal to deliver the Intervention Hub - a mechanism for children/young people to have prompt access to short-term additional specialist support from the High Needs Block without having to wait to go through an Education Health Care Plan statutory needs assessment to access Element 3 'top up funding'. Reporting: Kashif Nawaz	
6.	2019-20 Provisional Outturn on the Schools Budget and Initial View on the 2021-22 Budget	27 - 40
	To inform the Forum of the provisional outturn on the 2019-20 Schools Budget, including the allocation of balances and use of Earmarked Reserves. These funds are ring-fenced for the support of schools and pupils. Reporting: Paul Clark	
7.	2019-20 Balances held by Maintained Schools	41 - 56
	To update the Forum on the level of balances held by maintained schools as at 31 March 2020, how these compare to the previous financial year and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget. Reporting: Paul Clark	
8.	2019-20 Funding Allocations to Mainstream Schools from Budgets Centrally Managed by the Council	57 - 76
	To present information on the in-year allocation of funds to mainstream schools through School Specific Contingencies and other budgets that are funded from the Dedicated Schools Grant and in the first instance centrally managed by the council. It also presents the opportunity to amend existing funding policies. Reporting: Paul Clark	

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9.	Arrangements for Additional Financial Support to Schools	77 - 88
	To seek agreement from the Forum in respect of proposals for additional financial support to schools, in particular, approval of new or amended applications for licensed deficit arrangements. Reporting: Paul Clark	
10.	Date of Next Meeting	
	The next meeting of the Forum will be at 4.30pm on 17 September 2020. Reporting: Joanna Gibbons	

If you would like to join this meeting as an observer, please contact Derek Morgan, derek.morgan@bracknell-forest.gov.uk.

Published: 8 July 2020

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**SCHOOLS FORUM
16 JANUARY 2020
4.35 - 5.35 PM**

Present:

Liz Cole, Primary School Representative (Headteacher)
Neil Davies, Primary School Representative (Headteacher)
Peter Floyd, Special School Representative (Governor)
Martin Gocke, Pupil Referral Unit Representative (Governor) (Chairman)
Keith Grainger, Secondary School Representative (Headteacher)
Phil Sherwood, Primary School Representative (Headteacher)
Debbie Smith, Secondary School Representative (Headteacher)

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

Apologies for absence were received from:

Karen Davis, Primary School Representative (Headteacher)
Stuart Matthews, Academy School Representative (Headteacher)
Brian Poxon, Secondary School Representative (Governor)
Roger Prew, Primary School Representative (Governor)
Richard Stok, Primary School Representative (Governor)
Michelle Tuddenham, PVI Provider Representative

131. Apologies for Absence/Substitute Members

There were no Substitute Members.

132. Declarations of Interest

Peter Floyd, Martin Gocke and Keith Grainger declared an affected interest in respect of Item 5 (2020/21 Budget Proposals for the High Needs Block).

Neil Davies and Debbie Smith declared an affected interest in respect of Item 7 (2020/21 Proposals for the Local Authority Budget).

133. Minutes and Matters Arising

RESOLVED that the minutes of the meeting of the Forum held on 16 December 2019 be approved and signed by the Chairman as a correct record.

Arising from minute 128, Rachel Morgan updated that Chris Taylor had identified 15 schools with at least 10% surplus places at some point in the next 5 years which he would be contacting and offering to work with. Chris Taylor had worked with four of those schools already. The Bracknell Forest Council (BFC) Finance team would provide the schools with a high-level summary of their potential income over the period.

Also arising from minute 128, Rachel Morgan updated that the place planning strategy was due to be presented to the Executive on 28 January 2020 and, if approved, a detailed action plan would be shared.

Also arising from minute 128, Rachel Morgan advised that a list of schools most affected by the predicted period of financial turbulence would be presented in the next meeting of the Forum.

Action: Chris Taylor

Also arising from minute 128, Rachel Morgan explained that a meeting with primary schools in the north of the Borough had been considered but that most schools appeared to prefer an individual response. It was suggested that they would carry on liaising with schools on an individual basis but would report on collective issues as the Heads' Briefing.

Arising from minute 129, Paul Clark advised that a questionnaire had been circulated to other local authorities to establish a benchmark for the test of reasonableness in relation to allocation of funding and would report on any findings in the next meeting of the Forum.

Action: Paul Clark

134. High Needs Block Sub Group - Minutes from 5 December 2019

The Forum received and considered the minutes of the High Needs Block Sub Group held on 5 December 2019.

135. 2020/21 Budget Proposals for the High Needs Block

The Forum considered a report which sought comments on the detailed budget proposals for the High Needs Block (HNB) element of the Schools Budget presented by the Council. There were also a small number of decisions for the Forum to take in line with the statutory funding framework.

Kashif Nawaz summarised the developments as set out in paragraph 6.3 of the report and highlighted the new in-school special educational needs and disabilities (SEND) provisions. Kashif Nawaz explained that the SEND commissioning plan was to work with the HNB Sub Group to develop an action plan alongside key stakeholders. Kashif Nawaz was confident that the action plan would help relieve pressures although more work was needed to get to a balanced budget.

In relation to paragraph 6.3.3 of the report, the Peter Floyd, Special School Representative, clarified that Kennel Lane School (KLS) had 196 children on roll with two more in transition.

The Forum discussed the new in-school SEN provisions as headteacher representatives had little knowledge of their objectives. Taking the first project on the schedule, Harmanswater in-school SEN provision, it was queried whether this was designed to reduce Education Health Care Plans (EHCP). Kashif Nawaz confirmed that it was trying to reduce the demand of EHCPs. The Forum then questioned how this could be measured in terms of seeing whether the money spent has reduced pressures. Kashif Nawaz explained that the projects could not be looked at in isolation but instead should be looked at as a whole. However, this project was specifically aiming to reduce the use of Social Emotional Mental Health (SEMH) as a primary need, as SEMH in certain cases could be better met within mainstream provision albeit with additional support. The SEND Commissioning Strategy would be reviewed after two years and it was expected that any impact would be seen at that point.

The Forum enquired whether the details of the projects would be available to the public. Kashif Nawaz advised that it was published on the SEND Local Offer: https://bracknellforest.fsd.org.uk/kb5/bracknell/directory/family.page?familychannel=6_10_6

The Forum queried how schools were chosen for these projects. Kashif Nawaz explained that all schools were invited to bid, and applications were presented to the Council's Departmental Managers Team (DMT) to make a decision against the criteria. In the first year there were a significant number of applications and four schools met the criteria. In the second year only two made a bid and were both successful. Bids were now open for the third year. Paul Clark clarified that the projects outlined in the report were not the only projects approved as the ones funded from a different budget were outside the scope of this report.

The Forum asked what outcomes were expected. Kashif Nawaz advised that the strategy was aiming to adopt a whole system approach. Schools would be encouraged to tap into the Early Help resources. The expectation was that development would happen alongside provision via a range of Panels and Hubs.

The Forum queried whether progress of the new in-school SEND provisions could be shared with the Forum in the same way as the Intervention Hub. Kashif Nawaz advised that would form part of the action plan and would be reported to the HNB Sub Group.

Paul Clark then provided an update on the financial impact from the ongoing review of the programme as set out in paragraph 6.4 of the report. There had been an increase in costs in the current year which would continue into 2020-21, mostly attributed to taking on additional pupils in KLS. A positive was that it had now been confirmed that business rates cost increases expected on new and expanded schools could only be back dated to 2017, meaning that approximately £0.700m of expected costs would not materialise and the related provision could be released and applied to part finance the forecast over spend on the HNB.

Paul Clark advised that DSG income was still an estimated amount as the Council was awaiting confirmation from the DfE which wasn't expected until March or April 2020.

Paul Clark explained that the overall deficit forecast for March 2023 had widened by a further £1.698m to £4.761m. Annex 4 of the report showed how it was proposed to profile next year's budget into specific services, but the Forum was reminded that the figures were only estimates and could change such as if a child ended up going to a different type of provision.

Paul Clark highlighted that the Council planned to continue working in partnership with the HNB Sub Group to develop further service improvements and savings to remove the £1.5m underlying funding gap. The Forum expressed that it seemed a huge responsibility and potentially unachievable to address this as there was not enough money in the system.

The Forum asked Councillor Barnard to comment on how much pressure could be put to the DfE to draw attention to the local problem. Councillor Barnard explained that there was a general recognition nationally that SEND budgets were under pressure. Councillor Barnard would caution being careful and advised that the Forum would need to ensure it had got "all its ducks in a row" before raising specific points. Councillor Barnard would therefore advise an approach whereby the work of the Sub

Group was highlighted and then evidence that there was a shortfall of funding the proposed programme for change. Councillor Barnard expressed willingness to construct a letter to that effect.

The Forum asked Councillor Barnard whether he was lending the Council's voice to the national overview. Councillor Barnard replied that he intended to directly engage with the Director, Kashif Nawaz and the MP to make that point very clearly.

The Forum discussed how the above points would affect the proposed agreement "that there are appropriate arrangements in place for the education of pupils with SEN". Councillor Barnard expressed that the Council and the Forum is doing what it can do but acknowledges that there was a need to be more efficient with resources.

RESOLVED, after considering the HNB budget proposals from the council to AGREE that:

1. the Executive Member:
 - i. sets the total initial Dedicated Schools Grant funded budget at £17.008m; it incorporates the changes set out in the supporting information and relevant budgets are therefore updated to those summarised in Annex 4 of the report;
 - ii. notes the £1.777 budget gap that will need to be managed through a further change programme with the HNB sub-group; and
 - iii. approves a Minimum Funding Guarantee for Kennel Lane Special school of plus 1.84%, the same amount as for mainstream schools (paragraph 6.10); and
2. there are appropriate financial arrangements in place for:
 - i. arrangements for pupils with special educational needs, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding; and
 - ii. arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the local authority and schools and the arrangements for paying top-up funding.

Forum noted that work needed to continue to ensure appropriate educational provision for students with special educational needs through the work of the HNB sub-group.

136. **2020-21 Budget Proposals for the Schools Block and Central School Services Block Elements of the Schools Budget**

The Forum considered a report which presented final proposals from the Council for the 2020-21 Schools Block and Central Schools Services Block elements of the Schools Budget. These proposals have built on previous decisions of the Forum together with the release by the Department for Education (DfE) of the key data that must be used to calculate school budgets.

Paul Clark highlighted that the recommendations for the proposals to be presented to the Executive Member needed to be resolved at this meeting as they were required ahead of the 21 January deadline for submitting to the DfE the actual Funding Formula for Schools to be used in 2020-21.

Paul Clark explained that the most notable change since the last report related to the additional educational needs (AEN) data. Primary schools had a general reduction in AEN measures whereas secondary schools had a general increase in AEN measures. There was very little change in the overall amount of resources available to schools although the change in AEN measures resulted in a different distribution.

RESOLVED

1. in its role as the representative body of schools and other providers of education and childcare, the Forum REQUESTS that the Executive Member AGREES the following for the 2020-21 Schools Budget:
 - a. that in accordance with Table 1 of the report, the budgeted amount of Dedicated Schools Block Grant be set at:
 - i. £74.850m for the Schools Block; and
 - ii. £1.084m for the Central School Services Block;
 - b. that the council contributes £0.253m funding to diseconomy costs at new schools;
 - c. the decisions previously agreed by the Forum, as summarised in paragraph 6.7 of the report;
 - d. that the factors in the BF Funding Formula for Schools and their relative values are set at the maximum affordable level of 99.8% of the values used by the DfE (Annex 5 of the report);
 - e. that other Schools Block related grants be reset to the amounts anticipated in 2020-21; and
 - f. that the resulting DfE pro forma template of the 2020-21 BF Funding Formula for Schools, as set out in Annex 6 be submitted by the 21 January deadline; and
2. as decision maker:
 - a. that the arrangements in place for the administration of central government grants are appropriate; and
 - b. the financing and budgets for the Growth Fund are as set in Annex 1 of the report.

Councillor Barnard confirmed that he agreed with the Forum's request to the Executive Member outlined above.

137. **2020/21 Proposals for the Local Authority Budget**

The Forum considered a report which presented for comment a summary of the Council's budget proposals for 2020/21 with a particular focus on the impact expected on the People Directorate, as agreed by the Executive on 17 December 2019. Comments received would be submitted to the Executive on 11 February 2020 alongside any impact from the announcement of the Finance Settlement. This would allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, which was due to formally approve the 2020/21 budget and Council Tax on 26 February 2020.

Revenue Budget

Paul Clark explained that there were five main streams of the revenue budget: the commitment budget, new spending requirements, available cost reductions, inflation provision and income. Table 4 of the report outlined a summary of proposals and predicted a total expenditure of £81.787m in 2020/21. It was estimated that the Council could anticipate income of up to -£79.210m, leaving a potential shortfall of approximately £2.577m. The Council would decide on how to manage the shortfall in February 2020 in the light of the financial settlement and results of this consultation and could choose to adopt any or all of the following approaches to bridge the remaining gap: an increase in Council Tax, an appropriate contribution from the Council's revenue reserves, and identifying further expenditure reductions.

The Forum expressed that it was difficult to comment on the budget without all the detail and asked Rachel Morgan if there were any pressures affecting schools. Rachel Morgan explained that the biggest issue for Education and Learning was incorporating the Education Centre with the Open Learning Centre. However, schools

would not be directly affected by most of the reviews. Councillor Barnard added that the Council was continuing to support Childrens Centres, youth work and Early Help.

The Forum queried the implications of transformation pressure on the revenue budget (as per Annex B of the report). Paul Clark explained that this related to the Children's Services Transformation programme which was part of the plan to reduce the council's budget gap and had identified initiatives around the cost of social care placements. However, the plans were not fully achievable within the timescale needed so this was now reversed out of the budget with more work now underway to progress and to bring forward new proposals to 2021-22. Paul Clark confirmed that most of the pressures arise from Childrens Social Care and that there were huge pressures from new young people being placed in the Borough.

Capital Programme

Paul Clark advised that the proposed capital programme for 2020/21 was mostly focused on maintenance of assets and a number of school improvement projects. Paul Clark explained the proposals as set out in Annex D of the report.

The Forum commented that the report included a mixture of descriptions written by officers and bids written by Headteachers, leading to stylistic differences. Paul Clark explained that the report was already in the public domain so couldn't be changed but this would be addressed going forward. Paul Clark apologised for any inaccuracies.

Action: Chris Taylor

The Forum noted that the reference to "Sandhurst School Nursery" (page 74 of the report) was incorrect and it should have read "Sandhurst Nursery" as the nursery was not part of Sandhurst School.

The Forum was concerned as to the financial position if the money from the capital receipts did not come forward.

The Forum commented that the school improvement proposals had not been discussed or agreed with the relevant Headteachers (specifically noted by Sandy Lane School). Paul Clark advised that this was subject to further discussions.

RESOLVED that the Forum had commented, as outlined above, on the 2020/21 budget proposals of the Executive for the People Directorate in respect of:

- i. the revenue budget (Annexes A to C of the report); and
- ii. the capital programme (Annex D of the report).

138. **Dates of Future Meetings**

The next meeting of the Forum was due to be held on Thursday 19 March 2020 commencing at 4:30pm. However, it came to light that this date clashed with the Headteacher Conference which would affect member attendance; therefore, the meeting on 19 March 2020 was cancelled. At the request of the Chairman, the need for a March meeting would be considered nearer the time and, if a meeting were to be required, an alternative date would be proposed.

Action: Paul Clark / Martin Gocke

CHAIRMAN

TO: SCHOOLS FORUM
DATE: 16 JULY 2020

CORONAVIRUS PANDEMIC – INITIAL FINANCIAL CONSIDERATIONS **Executive Director of People**

1 INTRODUCTION

- 1.1 The purpose of this report is to outline to the Forum the initial key financial considerations on schools arising from the coronavirus pandemic. Other reports on this agenda also mention impacts from the coronavirus pandemic.

2 SUPPORTING INFORMATION

Background

- 2.1 The coronavirus pandemic has created a number of financial impacts on schools, both monetary and operational. To provide some certainty on income, throughout this period schools will continue to receive their public funding in full – main school budget, early years and high needs plus the direct government grants such as the Pupil Premium - and are therefore generally expected to continue paying their staff and suppliers in full.
- 2.2 As schools are incurring additional costs, the Department for Education (DfE) have agreed to additionally fund a small range of narrowly defined coronavirus related costs that “we judge are likely to be necessary to allow schools to provide appropriate support to those children who will continue to attend school under the current arrangements”.
- 2.3 Recognising the additional pressures schools are facing, some data returns have also been cancelled or deferred.

Supplier Support

- 2.4 In maintaining full public funding to schools, there is an expectation that schools continue to pay suppliers as quickly as possible to maintain cash flow, protect jobs and ensure continuity of key services. To effect this, the Crown Commercial Services have issued a number Public Procurement Notes (PPN) as guidance, initially to cover the period to 30 June, and more recently to cover the “recovery and transition” from coronavirus from July to the end of November. PPNs focus on ways to help suppliers through payment terms and contractual relief.
- 2.5 In this respect, schools have been advised to be take appropriate and reasonable steps in these matters, reflecting on their local knowledge and experience of the suppliers concerned and ensuring that agreements are made after suppliers have:
- Agreed to share information on an “open book basis”
 - Demonstrated extra costs / reduced income that directly results to the school contract
 - Evidenced having secured all available government financial support
 - Confirmed they will continue to pay employees and sub-contractors essential to the service delivery

- 2.6 To assist operational changes required, there has also been a temporary relaxation of the Council's Contract Standing Orders, in particular, the normal process to request a waiver to CSO requirements for spending below the threshold of £189,330 for goods and services have been suspended e.g. items required per the "tick sheets" such as request for a quote, producing a specification, seeking minimum of 3 quotes. Where, as permitted, schools deviate from CSO requirements, reasons must be clearly documented and retained.
- 2.7 Schools have the final decision on whether it deems a supplier critical, is at risk and the form of any relief to be provided. Contract specific advice is available from the Council's Procurement Team, although schools remain responsible for liaising with suppliers and making final decisions.
- 2.8 The PPN guidance also makes clear that schools should continue to pay contractors even when the service has been suspended, such as the provision of free schools meals to eligible pupils. This supports the objective of protecting jobs and ensuring continuity of service at the end of the pandemic.
- 2.9 As "recovery and transition" commences, schools need to:
- Review contracts; is supplier support still appropriate?
 - Work with contractors to exit relief as soon as is reasonable
 - Ensure contracts remain relevant and deliver value for money in the medium to long term
 - Continue to promptly pay contractors to maintain cash flow
- 2.10 Throughout this period, schools have been advised to pay particular attention to fraud awareness. As the incidence of fraud is likely to increase, suppliers need to be made aware that neither the Government nor the school will accept deliberate manipulation and fraud with any supplier caught falsifying their records to gain additional financial support facing the prospect of prosecution and any funding issued being subject to claw back.

Funding of additional coronavirus related costs

- 2.11 The DfE has made available additional fund for schools relating to "exceptional costs associated with coronavirus": There is no direct allocation of funds, it will be paid for eligible expenditure following an individual school claiming process through a DfE online portal which must be completed by 21 July. Further claims will be possible in a subsequent claim window in the autumn and details regarding that process will be published later in the year.
- 2.12 Funding will be available to schools that are unable to meet such additional costs from their existing resources, or which they could only meet by drawing down on reserves and undermining their long-term financial sustainability. Eligible expenses "are ones we [DfE] judge are likely to be necessary to allow schools to provide appropriate support to those children who will continue to attend school under the current arrangements".
- 2.13 The following specific costs can automatically be claimed, with an expectation that within overall cash limits (see paragraph 2.15) they will be fully settled.
- a. **increased premises related costs** (including utilities and resources needed to keep the school open, such as hygiene services) associated with keeping

schools open during the Easter and/or summer half term holidays, for vulnerable children and the children of critical workers, over and above the costs that schools would have faced in other circumstances

- b. **support for free school meals for eligible children who are not attending school**, where those costs are not covered by the [national voucher scheme](#) - this covers:
 - i. costs to schools arising before the introduction of the national voucher scheme
 - ii. costs where schools are providing free meals to children for whom the national voucher scheme is inappropriate (for example, because there are no participating supermarkets locally or schools are providing meals directly) - schools can only claim through this fund for free school meals provided over Easter and summer half term holidays where it was required because local supermarkets were not yet part of the national scheme
- c. **additional cleaning** – required due to confirmed or suspected coronavirus (COVID-19) cases, in line with [COVID-19: cleaning of non-healthcare settings](#), over and above the cost of existing cleaning arrangements

2.14 Additionally, if a school faces other, exceptional costs to deliver appropriate support to their pupils over the period of partial closure, they will be able to register the details through the claims process. The following extraordinary costs will **NOT** be considered for funding:

- costs associated with opening schools to more pupils from 1 June
- additional staff costs
- loss of self-generated income

Claims for exceptional costs will be subject to scrutiny by the DfE.

2.15 There are cash limited amounts that schools can make claims for, depending pupil numbers as follows:

Mainstream schools	
250 pupils or fewer	£25,000
251 to 500 pupils	£30,000
501 to 1000 pupils	£50,000
Over 1000 pupils	£75,000
Special schools and alternative provision	
All schools	£50,000

2.16 : Due to on-going uncertainties around additional costs and potential income, the approach suggested by the council to schools in reflecting the impact of coronavirus in the 2020-21 budget is a 2 staged approach as follows:

- Schools build their budget as if there was no impact from COVID-19. That is, as they would in any other year, making adjustments for cost reductions or increases in the normal way to produce a forecast for the net underlying costs

- Schools separately calculate the estimated financial impact of COVID-19, for which a template had been provided, which it was recommended to assume that significant financial impact ends at 31 August, with information to be divided into 3 sections:
 - Those costs expected to be fully financed by the government on the areas set out in the government announcement
 - The additional costs / loss of income being experienced that are outside what the government has agreed will be financed
 - Areas of cost reduction that are anticipated

Once there is greater financial certainty, this approach may need to be updated and schools submit a revised budget plan.

2.17 Schools were requested to return completed templates by 30 June for collation by the council and then sharing with schools to assist maximisation of grant income. Additionally, the grant claims will be discussed at the July Bursar Support Session, again to share knowledge for final grant claim submissions. An initial summary that is subject to review is attached at Annex 1, with some key headlines:

1. Average available grant is £36,304
2. Average initial grant claim is £8,176 equivalent to 23% of potential funding
3. £188k of eligible grant spend has been spent, with 44% associated with premises costs, 32% FEM and 24% cleaning
4. There is a potential £663k shortfall between costs and the amount of income that can be claimed for
5. At £436k, loss of income is the largest, single unfunded item.
6. Schools have identified £152k of possible cost reductions

This summary, and the data in Annex 1 should be viewed as provisional, and subject to change.

2.18 One the most significant financial concerns raised by schools has been the loss of income from the lockdown. The DfE have consistently encouraged schools to open up their facilities and look to maximise total income generation. Schools in general have been very successful at this and generated £2.67m in 2019-20 from the sale of goods, services and rentals and lettings at an average of over £95k per school. Depending on the scope to recover income later in the year, this is likely to be a significant factor for many schools as there will not generally be a corresponding reduction in expenditure to offset the loss.

Study Support

2.19 Additional funding has also been announced for a national “catch-up plan” to “directly tackle the impact of lost teaching time”. Whilst there is little detail at this stage, the headlines, some of which appear contradictory, are:

- £650m as a general allocation to schools
- £350m for tutoring to the most disadvantaged pupil
- One-off grant funding for the 2020-21 academic year, although schools have “flexibility, discretion and autonomy to decide how you want to do this” and could, for example, be used summer school activities.
- Unringfenced grant for schools to decide what to spend it on

- the Education Endowment Foundation (EEF) has produced a guide, which includes advice on summer schools and a link to the Teach First toolkit specifically focuses on summer schools, for schools that choose to do this, and
- Development of a national tutoring programme, of which schools will need to pay 25% of the costs in the first year (the grant can be used for this).
- Early Years and sixth forms excluded from the allocations

Year 11 transitional support for Alternative Providers (SP)

- 2.20 DfE is making available one-off funding for additional transition support provided by AP settings for year 11 pupils from now to the end of the 2020 autumn term. This recognises a significant proportion of year 11 students are already vulnerable and at greater risk of becoming not in education, employment or training (NEET) than their peers. These risks have increased since schools closed for most pupils and without substantial transition support, many of the current year 11s in AP are at heightened risk this year of becoming NEET.
- 2.21 Funding of up to £750 per pupil will be available to relevant Pupil Referral Units. It seems that providers will need to make a claim in December setting out details of actual expenditure incurred, to ensure it meets the grant criteria. This funding is only for existing year 11s in an AP setting as of 4 June.

Data returns

- 2.22 In order to reduce some financial burdens on schools, the DfE confirmed the cancellation or delay of a number of data returns, of which this covers the following financial returns.
- 2019-20 School Financial Value Standard – CONTINUING (and completed by all BF schools)
 - 2020-21 School Financial Value Standard – CANCELLED
 - 2019-20 Consistent Financial Reporting –DEFERRED from July to 11 September 2019
 - May 2020 school census data - CANCELLED
- 2.23 In addition, BFC has extended the deadline for submission of 2020-21 budget plans to 31 June 2020. And recognising that many schools will be spending less than normal through their local accounts, there would be no requirement to complete April spend returns (imprest accounts). However, schools were advised to remember that there is higher risk than normal from fraudsters at the moment and therefore it remains necessary to regularly reconcile bank accounts to ensure any unexpected entries are promptly identified.

School governance

- 2.24 The coronavirus pandemic has necessitated a number of changes to the way schools can effectively operate, which includes normal financial procedures and decision making. Schools have been advised to review the various guidance provided and then arrange for the relevant governing body to formally approve the school's approach to these matters. Any supplier relief agreements or waivers of normal CSO provisions should be recorded in writing.
- 2.25 Advice from the National Governance Association is that: "It is best for all decisions to be taken collectively by the governing board. This should be possible if appropriate plans are put in place for the board to hold virtual meetings. There may be

circumstances where an urgent decision needs to be taken but it is not possible to convene a meeting of the governing board or hold a quorate meeting. In cases of urgency where a delay would be likely to be seriously detrimental to the interests of the school, maintained school governance procedures regulations set out the provision for the delegation of functions to the chair or vice chair (if the chair is unable to act). Chair actions should then be reported to the governing board. For academies it will depend on the scheme of delegation”.

- 2.26 Additionally, the DfE recommend that governing boards implement a contingency plan to identify someone to act as a central point for communication should the chair or vice chair become unavailable.

High Needs Block

- 2.27 As Local Authorities continue to receive their high needs budgets, funding to schools will continue to be paid through top-up and other high needs funding to schools with no consequential financial impact. This will ensure, where appropriate, continuity of support to pupils and that the employment and payment of staff supporting pupils with special educational needs and disabilities (SEND) can continue.
- 2.28 Similarly, where schools pay top-up or other funding for pupils attending alternative provision (AP), or pay for other SEND or AP services, these payments should continue so that teachers and other staff can be paid in accordance with their existing employment contracts.
- 2.29 If placements and services for the summer term have not yet been agreed, LAs and schools should fund on the basis of previous patterns of placements and commissioning.
- 2.30 The additional funding set out in this guidance is not intended to cover any additional costs relating to changes in SEND provision organised by local authorities for individual children and young people with education, health and care (EHC) plans.

Early Years Block

- 2.31 As per the high needs block budget, Local Authorities continue to receive their Early Years funding. Again, where appropriate, this will ensure continuity of provision and that the employment and payment of staff can continue. Summer term payments have been paid to providers as usual with assistance available to support providers that were not able to submit funding claims.
- 2.32 In terms of the practical management of provision, the council has:
- been successful in managing places by working in partnership with providers
 - utilised pre-paid empty places where possible
 - implemented special funding arrangements for key workers
 - in accordance with DfE advice, encouraged and helped facilitate children to attend only one setting
- 2.33 To recognise the additional burden placed on some providers in making provision available for vulnerable children and those of critical workers, DfE will now permit LAs to amend their local EY funding formula to deliver a more targeted allocation of funding. This would ordinarily involve making reduced allocations to some providers in order to increase payments to those accepting vulnerable children and those of critical

workers. The council has not had to consider using this new provision at present and for funding stability, will use all other options prior to doing this.

- 2.34 There is also a concern regarding the impact of coronavirus on the long-term sustainability of Early Years settings. The council is currently gathering information through an impact survey to help plan for recovery and potential market change.
- 2.35 With funding allocated to providers on the basis of the actual termly take-up, there is concern that the normal October census point will deliver lower hours than would normally be expected as there is likely to be a gradual settlement in the market and there have been limited opportunities to promote settings. The DfE are aware of this significant issue which is a high priority with guidance intended to be available in July.
- 2.36 In terms of LA EY funding allocations, the current expectation is that LAs will be funded at the same level as last year but this has yet to be confirmed.

Schools Forum work programme

- 2.37 The coronavirus pandemic has had a significant impact on the work of the Schools Forum on its plan to review provisions and make recommendations for change to widen choice and quality of support services whilst at the same time achieve significant cost reductions.
- 2.38 The Forum is aware that like many LAs, BFC is projecting a significant deficit on its High Needs Block budget - circa £1.6m per annum - with a £4.7m deficit forecast for 31 March 2023. This is after taking account of a £3.2m savings programme through collaboration and partnerships with schools which has had to be deferred as the coronavirus pandemic takes the priority. The expectation was for £1.2m of savings in 2020-21 (7% of net DSG income). It is unclear at this stage how much, if any savings will now be made or whether costs will in fact rise.

3 EQUALITIES IMPACT ASSESSMENT

- 3.1 This report presents an update on government guidance and where an equalities impact assessment would be considered and is not therefore required for this report.

4 STRATEGIC RISK MANAGEMENT ISSUES

- 4.1 There is a concern that schools will not be fully financed for the extra costs being incurred from the coronavirus pandemic. Data is being collected to assess the likely impact to inform on any future actions.

Initial Summary Covid Grant claims from Schools

	Primary	Secondary	Special	Total
Number draft claims received	21	1	1	23
Maximum available grant	£710,000	£75,000	£50,000	£835,000
Average available grant	£33,810	£75,000	£50,000	£36,304
<u>(a) Expenditure covered by grant</u>				
1. increased premises related costs	£81,071	£1,792	£0	£82,863
2. support for free school meals (FSM)	£40,067	£7,199	£12,420	£59,686
3. additional cleaning	£45,505	£0	£0	£45,505
Anticipated grant (items 1. to 3.)	£166,643	£8,991	£12,420	£188,054
Average claim core items	£7,935	£8,991	£12,420	£8,176
Average % if maximum permitted	23%	12%	25%	23%
4. Exceptional items	£24,236	£0	£0	£24,236
<u>(b) Expenditure not covered by grant</u>				
1. loss of income	£413,698	£21,000	£1,100	£435,798
2. furloughed staff	£4,534	£0	£0	£4,534
3. other	£80,186	£118,095	£152,500	£350,781
				-
<u>(c) Areas of cost reduction.</u>	-£71,507	-£80,362	£0	£151,869
<i>Net</i>	<i>£617,790</i>	<i>£67,724</i>	<i>£166,020</i>	<i>£851,534</i>
Anticipated grant ((a) 1-3 above)	£166,643	£8,991	£12,420	£188,054
Net cost	£451,147	£58,733	£153,600	£663,480

TO: SCHOOLS FORUM

DATE: 16th July 2020

**IMPROVING LEADERSHIP AND GOVERNANCE OVER
SPECIAL EDUCATIONAL NEEDS SUPPORT AND THE HIGH NEEDS FUNDING BLOCK
Executive Director: People**

1 PURPOSE OF REPORT

- 1.1. This report is an update on the proposal to deliver the Intervention Hub - a mechanism for children/young people to have prompt access to short-term additional **specialist** support from the High Needs Block without having to wait to go through an Education Health Care (EHC) Plan statutory needs assessment to access Element 3 'top up funding'. An extension to deliver the Intervention Hub from September '19 to March '20 was agreed by the Schools Forum following an initial trial between January and May 2019. This report presents the outcomes recorded for the Hubs held during Autumn '19 and Spring '20 terms.

2 RECOMMENDATION

- 2.1 **To NOTE the findings of the project and the outcomes recorded for the pupils supported through the Intervention Hub.**
- 2.2 **To NOTE proposal for going forward.**

3. REASONS FOR RECOMMENDATION

- 3.1 The Intervention Hub was set up as a pilot multi-agency hub. The purpose of the Intervention Hub is to provide prompt, short-term and **specified** additional resource/support to children and young people through the High Needs Block, in the form of 'top-up funding'. Appropriate Intervention Hub referrals were resourced from the SEN Strategic Reserve.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION.

5.1.1 Background and context

Inclusion can be defined as increasing belonging, engagement and connection for pupils with SEND and support can be provided by the local authority to facilitate this. Inclusive practice equips staff with the skills, knowledge and experience they require to meet the needs of their pupils with SEND. This involves not only incorporating effective class-based support for age-equivalent learning to be acquired, but also providing enrichment activities outside of the classroom to develop additional skill areas that might require one to one teaching, or a wider physical environment. Funding is an essential key pre-requisite for successful inclusion.

- 5.1.2 The DfE has determined that where the cost of provision is above £10,000 it will be classified as high needs. In such circumstances, a "place-plus" approach to funding will

generally be used which can be applied consistently across all providers that support high needs pupils and students as follows:

- a) **Element 1 or ‘core education funding’**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
- b) **Element 2, or ‘additional support funding’**: a budget for providers to deliver additional support for high needs pupils or students with additional needs of up to £6,000. Specialist and Alternative Providers (AP), such as special schools and Pupil Referral Units (PRUs) only cater for high needs pupils and therefore receive a minimum £10,000 (Element 1 funding plus Element 2) per agreed place.
- c) **Element 3, or ‘top-up funding’**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs. This element is paid to all provider types, for pupils with assessed needs above the £10,000 threshold.

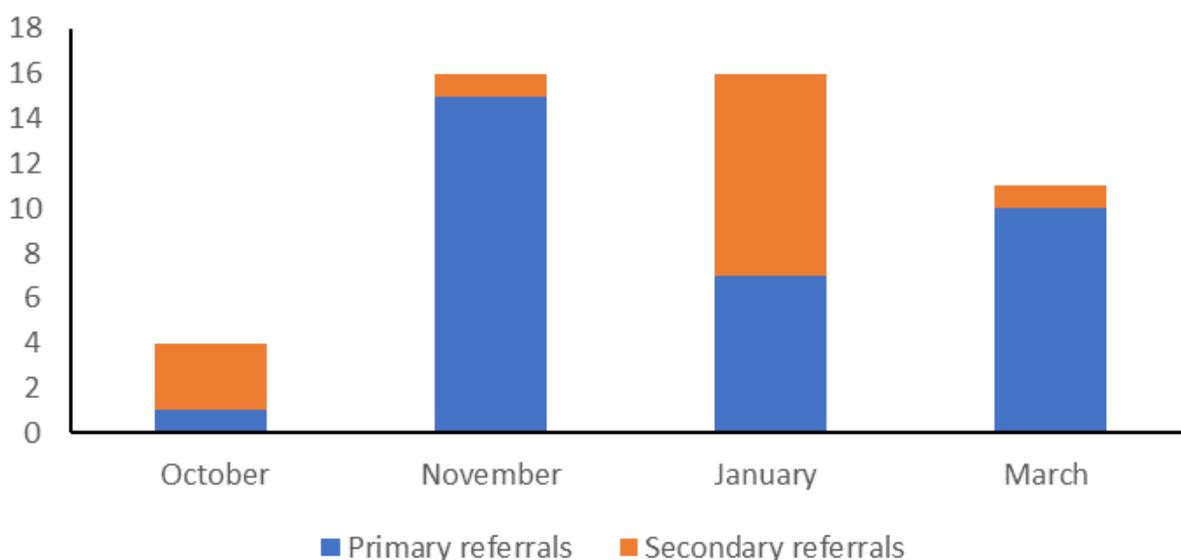
Additionally, HNB DSG is also intended to be used where high needs provisions are not arranged in the form of places e.g. specialist support for pupils with sensory impairments, or tuition for pupils not able to attend schools etc.

5.2 The Intervention Hub

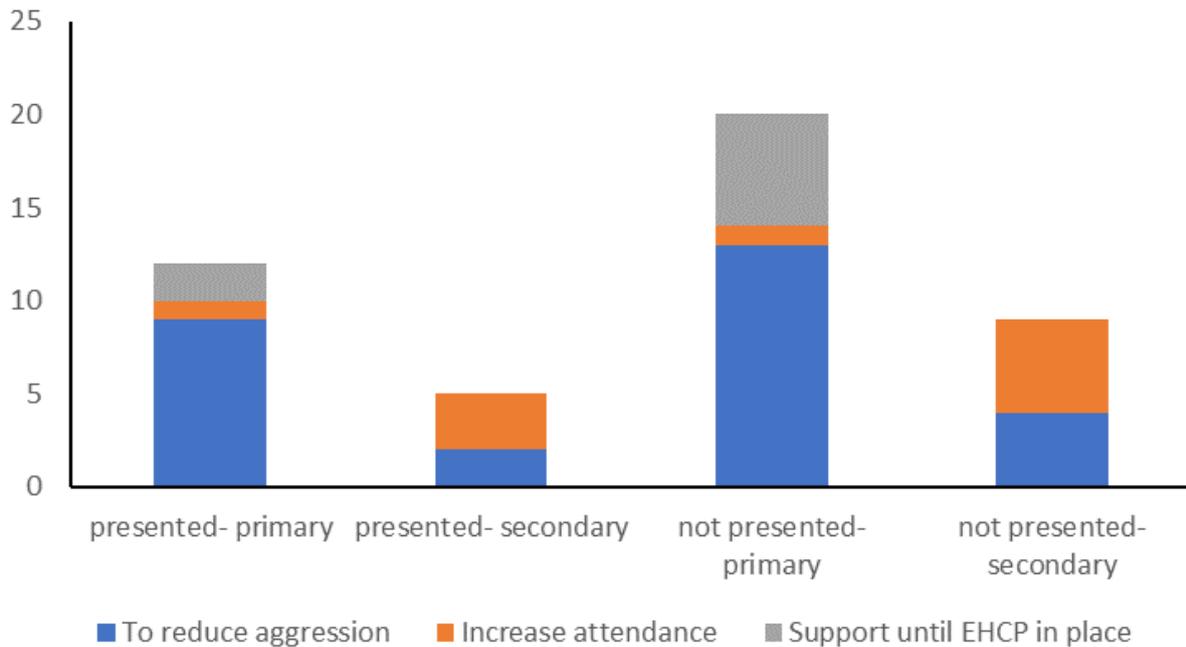
The intervention hub provides schools with a route to access resources through a simple and efficient process. This system involves a dialogue across a range of professionals including Educational Psychologists, Early Help professionals, Youth Offending service, Behaviour Support team, SEN Team, Autism Support service, Support for Learning, Safeguarding and Inclusion and external agencies. Individualised and flexible decision making has enabled schools to access a range of resources matched to the pupils needs. These are summarised below.

5.3 Number of Referrals per Phase, Context, Decisions and Outcomes

There were a total of 47 referrals received for the Intervention Hub over the Autumn ‘19 and Spring ‘20 Term (i.e. the period for which the Intervention Hub was extended for):



From the referrals received, a number were presented whilst others were not:

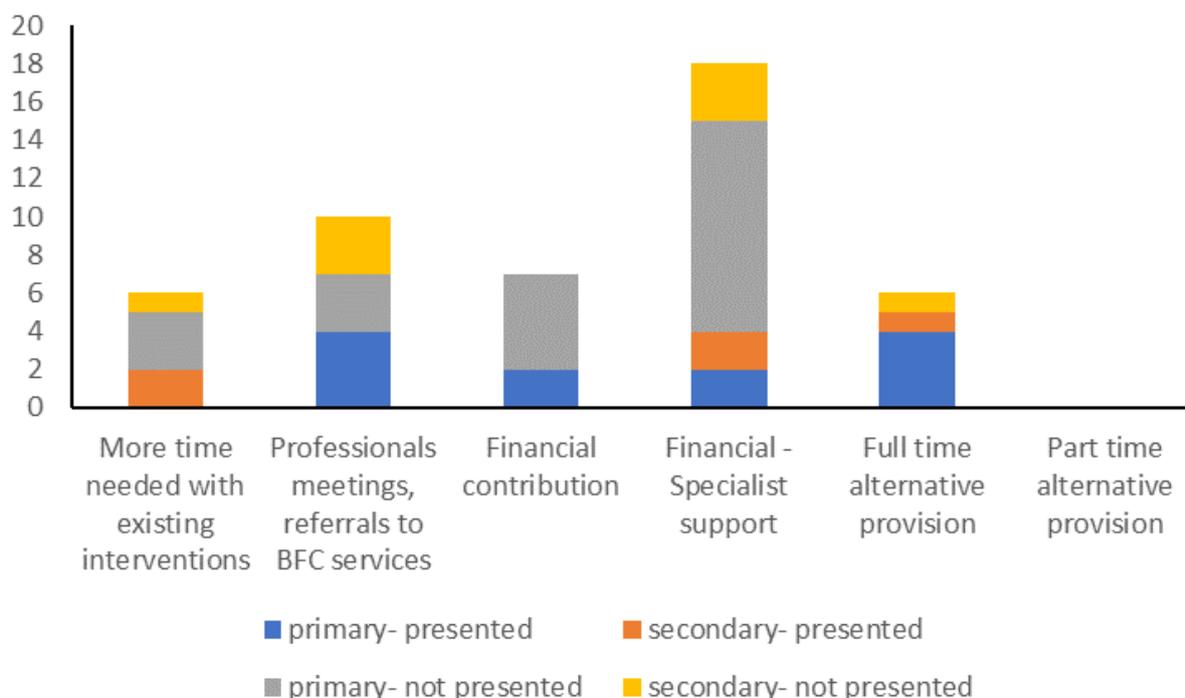


5.3.1 Decision to present

On receipt, all referrals were triaged to panel for consideration. Where appropriate, actions were allocated to panel members to ensure each school had a follow up on their referral, whether they presented or not. Also, where robust evidence was provided and it was clear that further delays would be at the detriment of the child/young person involved, support could be allocated without presentation at the formal meeting.

5.3.2 Context of Referral

The majority of referrals requested were to reduce challenging behaviour, specifically aggression that put the pupils, or others around them in harm. Some primary referrals requested financial support to allow their pupils to access the curriculum with an additional adult. The majority of secondary referrals were concerning pupils that were not attending school and required support to increase school attendance and engagement.



5.3.3 Referrals not selected for presentation at the hub were mainly asked to continue with previous advice and support as this had not yet been implemented. Six referrals received did not document full implementation of identified interventions and were advised to continue following prior recommendations at this stage before further resources were allocated.

5.3.4 In ten cases, schools were advised to convene either a professional’s meeting or a referral to LA services. This was generally because there was no evidence that the school had already considered such support available.

5.3.5 Six referrals had full time alternative provision agreed, no pupils were offered part time funded alternative provision as a result of their referral.

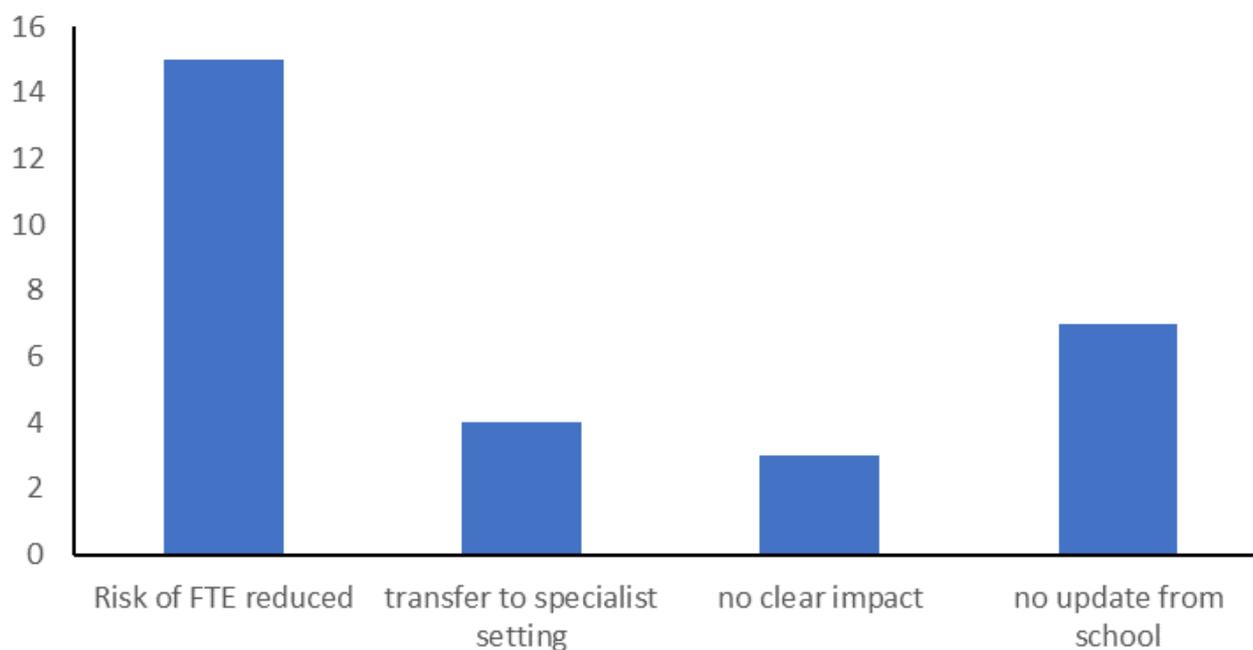
5.3.6 Funding allocations

A total of approximately £56k was allocated following referral to the Intervention Hub to support a total of 14 children and young people. £16k of this allocation were for two pupils who were supported from the Hub during the Summer Term ’19 pilot phase. The table below accounts for the remaining £40k and separates the cost of the specialist support provided, and the direct payments to school to fund a teaching assistant. A breakdown across each intervention hub and the timescales of the support is also provided.

Intervention Hub	Number of Weeks’ Support Provided			
	6 weeks		12 weeks	
	Specialist support (£)	TA funding (£)	Specialist support (£)	TA funding (£)
October			1875	4598
November	300		1375	6930.57
January	450	7295	3225	9137.86
March		2332.57	3313	
Total	£ 750	£9,627.57	£9,788	£20,666.43

Funding for the six places at alternative provision was provided from the primary alternative provision budget. These came to a total of £36,233.67.

- 5.3.7 The main interventions that were funded included funding for a 1:1 TA, to support the pupil either partial such as mornings only, or across the full school day. This might be to support a pupil in class, or to allow delivery of individualised interventions outside of the classroom. All referrals provided with this support were in the primary phase.
- 5.3.8 The main source of specialist resources with a financial implication included access to specialist teachers from Manor Green School to evaluate practice through observation and feedback to staff. A highly experienced behaviour analyst was also commissioned who provided individualised support to staff and families. This included conducting functional behaviour assessments, modelling and support work in schools and work in home with families and carers to ensure a consistent and supportive approach across settings.
- 5.3.9 At the end of the intervention period and before the following scheduled Intervention Hub meeting, schools are requested to provide an update on the outcomes observed.



From the outcome summaries received, the majority of the schools reported a reduction in the risk of exclusion for the child or young person referred. As the graph illustrates, risk of fixed term exclusions have reduced across the majority of the referrals.

The majority of the initial outcomes received were shared during the Spring Term. Any follow up observation has not mainly been possible due to the Covid – 19 pandemic.

5.4 Recommendations

- 5.4.1 Most local authorities have systems which indicate the range of top-up funding which might be provided for children and young people with a particular complexity of need (sometimes referred to as ‘banded’ funding systems). This can be helpful in providing clear and transparent funding arrangements for many types of need that may be met in a range of different institutions.

- 5.4.2 A key outcome from the Intervention Hub was that a greater emphasis needs to be placed on early, appropriate, intervention for children and young people, with the goal of enabling more young people to live and thrive in their local environment as well as to prepare them for adulthood. The benefit of such an approach has been noted in the illustrations above through a reduction in the risk of exclusions. This provides evidence that we believe we can meet more of these needs within our own local schools by providing locally based, mainstream intervention.
- 5.4.3 There will remain a cohort for whom specialist provision remains appropriate. However, the aim remains to reduce the need for Education, Health and Care Plans and thereby reduce pressure on our local specialist provision.
- 5.4.4 We will be consulting with schools and local partners on the establishment of a formal Intervention fund that is intended to support schools to develop the capacity to be more inclusive by identifying, developing and sharing good practice. We know that for some children and young people the request for a statutory assessment has been sparked by the perception that resources can only be accessed once an EHCP has been requested or awarded. The Intervention Fund will be a mechanism by which settings can more rapidly access resources, training, and specialist support such as therapy to support children and young people who do not have an EHCP. This effective early intervention is expected to improve the speed of response as well as to lower the incidence of an ECHP being necessary to meet needs.

ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Director of Finance

The financial implications arising from the report are set out in the supporting information, including confirmation that the costs associated with the pilot are being funded in the short term from one-off Reserve funding. Creation of a formal Intervention Fund, as identified in the paper, will need to identify a source of funding.

Borough Solicitor

The LA has the legal powers to do what is proposed in this report. This procedure may cut both the instances of EHCP plans and reduce the cost of provision overall. Many schools and parents request EHCP assessments because they see it as the only way to get additional special educational provision that they think the child or young person requires. This is a very good initiative, it may also reduce complaints that in SEN are often quite protracted.

BACKGROUND PAPERS

None

Contacts for further information

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DATE: 16 JULY 2020

**2019-20 PROVISIONAL OUTTURN ON THE SCHOOLS BUDGET AND
INITIAL VIEW ON THE 2021-22 BUDGET
Executive Director - People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of the Schools Forum of the provisional outturn on the 2019-20 Schools Budget, including the allocation of balances and use of Earmarked Reserves. These funds are ring-fenced for the support of schools and pupils.
- 1.2 Whilst there is very limited information currently available for future year budgets, an update is also being presented on a small number of matters.

2 EXECUTIVE SUMMARY

- 2.1 The 2019-20 draft accounts reflect the forecast significant overspending on the High Needs Block (HNB), which is consistent with the experience of many LAs across the county. Whilst this pressure has been recognised by the government with additional funding being provided to all LAs – BFC will receive an 8% increase in funding in 2020-21 – this is still insufficient to fund the increasing pressures.
- 2.2 The reports presents proposed transfers from Earmarked Reserves that improve the year end financing of the HNB over spending. However, there remains an £0.141m net deficit on the unallocated balances in the Schools Budget that will need to be recovered from a future year's Schools Budget.
- 2.3 The coronavirus pandemic has had a significant impact on the plans of the council and Schools Forum to review support services to pupils, to widen choice improve quality and reduce costs. This will most likely result in a number of planned savings not being achieved that will result in a year end over spending in excess of the £1.777m assumed in the initial budget.
- 2.4 The overall balances currently held on the council managed elements of the Schools Budget amount to £2.865m which reduces to £1.827m when balances held by schools are excluded. This is a reduction of £2.783mm from £4.610m available at the end of 2018-19.

3 RECOMMENDATIONS

That the Schools Forum NOTES:

- 3.1 **that the outturn expenditure for 2019-20, subject to audit, shows net spend of £3.404m which represents an over spending of £2.529m before allocation of reserves and balances (paragraph 6.6);**
- 3.2 **that after transfers to and from earmarked reserves, the Schools Budget over spent by £2.446m (paragraph 6.7);**

- 3.3 the main reasons for budget variances (paragraph 6.8);
- 3.4 as at 31 March 2020, the aggregate surplus on balances and Earmarked Reserves within the Schools Budget amounts to £2.865m which reduces to £1.824m when school balances are excluded (paragraph 6.9);
- 3.5 the £0.141m deficit balance held in the Schools Budget General Reserve (paragraph 6.13);

That the Schools Forum AGREES:

- 3.6 the proposed transfers to and from Earmarked Reserves (paragraph 6.12);
- 3.7 to support a request to the Department for Education for a further year of fixed lump sum transitional funding for the recently amalgamated Ascot Heath Primary School (paragraph 6.21).

4 REASONS FOR RECOMMENDATIONS

- 4.1 The recommendations are intended to inform the Schools Forum of financial performance against budget in the 2019-20 financial year including the year end transfers to and from balances and Earmarked Reserves.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 Not appropriate.

6 SUPPORTING INFORMATION

2019-20 Schools Budget Revenue Expenditure and Funding

- 6.1 Based on recommendations of the Schools Forum, the Executive Member for Children, Young People and Learning approved the initial Schools Budget for 2019-20 with £100.059m of grant funding. This comprised the estimated amount of Dedicated Schools Grant (DSG) income that would be received from the DfE at £93.804m, anticipated income of £1.845m to reflect sixth form and post 16 SEN grant income from the Education and Skills Funding Agency (ESFA), £2.180m from the Pupil Premium grant, £1.314m from the Universal Infant Free School Meal grant, £0.471m from the Primary PE and Sports grant and £0.445m from the Teachers' Pay grant. In addition to grant funding, there is also a budget of £0.131m for other receipts making total income of £100.190m.
- 6.2 Subsequent to this decision, anticipated DSG income has been updated to reflect revised grant notifications from the DfE, including reductions arising from academy schools where the amount due from the BF Funding Formula for Schools is recouped from the council for the ESFA to directly fund relevant schools. After making the following adjustments, the final DSG allocation amounted to £71.783m:
 - £22.144m deduction for academy schools.
 - £0.005m increase required from an understatement of the initial budget amount for the Central Services Schools Block (CSSB)

- £0.129m increase to HNB spending power following changes to the original allocation by the ESFA where final data indicated less places provided by providers directly funded by the ESFA compared to the estimate included in the original budget i.e. in respect of other LA schools, academies, other non-maintained specialist providers
- £0.011m decrease to the Early Years Block. This reflects the normal in-year recalculation of funding by the ESFA from the January 2019 census where head count data for BF is lower than estimated when the budget was set. The reduction in head count also triggered lower payments to providers of the free entitlement to early years childcare.

6.3 There are 3 further budget adjustments to report:

- As part of the Schools Block budget setting process, on 17 January 2019, the Forum agreed that £0.254m should be released from the New School Start up / Diseconomies Reserve to meet the additional cost arising from new schools that was not reflected in the DfE funding settlement.
- In addition to the funding from the New School Start-up / Diseconomies Reserve, the council added a further £0.338m to support the financial impact from new schools from its own reserves.
- In accordance with Local Government Accounting code of practice, where schools use their revenue funding for capital related expenditure, both the funding and spend need to be transferred to the capital accounts. The Council was notified by schools that of a total of £0.284m of funding needed to be converted to capital through a transfer from revenue. There is a net nil effect on school budgets from this as both the funding and costs are transferred out of delegated budgets.

6.4 The net effect of the budget changes set out above is that the final net Schools Budget totalled £0.876m, with an income budget of £78.169m, and an overall gross budget of £79.045m.

6.5 In accordance with DfE Funding Regulations, a number of self-balancing budget adjustments have also been made during the year to reflect the transfer of funds from centrally managed budgets to schools where they have met qualifying criteria or original estimates are revised following verified data. The most significant adjustments reflect funding for the free entitlement to early years education and childcare, changes in SEN funding for named pupils i.e. Element 3 top up funding, allocations from the Growth Fund, mainly in respect of increases in pupil numbers and managing the financial impact of Key Stage 1 Class Size Regulations, and support to schools in financial difficulty.

Provisional Outturn Position

6.6 The provisional final accounts for the Schools Budget, as summarised at Annex A, shows a net budget of £0.876m, net spend of £3.404m and therefore an aggregate over spend of £0.529m. This comprises overspendings of £3.682m against approved budget allocations and under spendings of £1.153m. These figures remain subject to change, pending external audit, although no significant movement is anticipated.

6.7 Some expenditure in the Schools Budget is ultimately financed from accumulated balances and earmarked reserves. Annex A sets out the transfers required as part of the accounts closedown process which is explained in more detail in paragraphs 0 to

6.13. Taking account of these financing adjustments, there was a net in-year over spending of £2.446m.

6.8 An explanation of the main changes (+/- £0.025m) from the approved budget plan, after transfers to or from reserves and balances are as follows, many of which are consistent with the update on budget performance that was reported to the Forum in September:

LA Managed Budgets:

Schools Block - £0.381m under spend:

- i. **Pupil behaviour - £0.033m under spend.** The main savings arose from staffing as a result of vacancies
- ii. **Other Schools Block provisions and support services - £0.324m under spend.** There are 2 significant budget variances being reported in this area of the accounts. Firstly, there was a net under spending of £0.248m on the Growth Fund of which there are 3 elements; based on the actual pupil numbers on the October 2019 census, *in-year growth allowance payments* were made for 10 fewer classes at schools experiencing significant increases in pupil numbers, rather than the 11 assumed from the 3 year average actual numbers which was used to calculate the original budget requirement and resulted in an under spending of £0.276m; secondly, top up funding allocations to schools experiencing additional teaching costs as a result of *Key Stage 1 maximum class size regulations* over spent by £0.041m; and thirdly, pre and post opening funding allocations to new schools under spent by £0.010m. The second significant variance relates to the LA Initiatives Fund which is used to fund borough projects, most recently around Pupil Premium pupils and support to the development of SENCOs. There were delays in completing the programme plan which resulted in a £0.027m under spend.

High Needs Block - £3.220m over spend:

Members of the Forum will be aware that budget items iii to vii below represent the most unpredictable and volatile education budgets that the council is responsible for. Placement requirements can change at short notice and new pressures can emerge that can together result in large movements in costs between budget lines.

It is also well known that significant cost pressures are being experienced, which is a national issue, and not just limited to BF, with the number of pupils with a statement or Education Health Care Plan (EHCP)¹ having increased in the last 2 years by 11.9%. The change in BF shows a steeper increase of 17.7%.

Taking account of the increasing use of more expensive placements outside BF schools, typically with a PVI provider, costs are expected to increase by 27.3% over the same 2-year period during which grant from the DfE has increased by 4.8%.

These factors have contributed to the significant overspending now being reported.

- iii. **Delegated Special School Budgets - £0.172m overspend.** As the number of pupils with SEND increase, additional placements were made at Kennel Lane Special School. As the school had used all of the funded placements, an

¹ An EHCP is a legal document that describes a child or young person's special educational, health and social care needs. It explains the extra help that will be given to meet those needs and how that help will support the child or young person.

additional £0.038m payment was needed to cover the cost of places with £0.134m for additional support need through the normal top-up process.

- iv. Maintained schools and academies - £1.261mm over spend.** This relates to the cost of additional Element 3 top up support i.e. individual support needs above £0.010m where these have been determined by assessment as well as £0.010m payments for any additional places that are needed and have not been pre-purchased. This includes payments to BF and other LA schools.

For support to BF schools this totalled £1.291m, an increase of £0.376m (41%) from 2018-19 and a £0.344m overspend.

For non-BF schools, this totalled £2.143m, an increase of £0.623m (41%) from 2018-19 and a £0.904m overspend.

- v. Non-Maintained Special Schools and Colleges - £0.777m over spend.** The ESFA generally pay the £0.010m place cost at these institutions, with LAs paying individual support needs above this level and which reflects the support arrangements agreed for schools plus £0.010m for any additional places that are needed and have not been pre-purchased.

In terms of the outturn variances, an analysis of the external placements budget shows:

- Budget increase of £0.129m for fewer places deducted in the actual DSG allocation compared to those expected, as per paragraph 6.2 above.
- There was a total of 217.4 FTE placements (was 186.6 in 2018-19). This was 11.4 FTE more than anticipated in the budget. Based on the original estimated average placement cost of £26,744, this resulted in an overspending of £0.305m.
- At £29,320 the average actual cost of placement is £2,576 more than the original estimate. This results in a £0.560m over spending.
- There were a number of other minor variances on related budgets.

- vi. Education out of school - £0.931m overspend.** There were 2 significant budget variances. There was an increase in the number of pupils requiring home tuition that resulted in a £0.405m overspending. There was also an increase in the average cost of support as agency tutors rather than BF contract staff were required to meet the increase in demand. There was also a £0.506m overspending on externally commissioned alternative provision (£0.168m for primary aged pupils, £0.338m for secondary aged). Demand also increased for these provisions.

- vii. Other SEN provisions and support services - £0.079m overspend.** The main change relates to a £0.328m overspending on additional support for pupils with medical needs and those waiting for a school placement. This is partially offset by savings of £0.043m at the Children's Development Centre where there have been some staff vacancies, there was less demand than expected for specialist therapies which together under spent by £0.129m, with staff vacancies in the Traveller Education Service resulting in a £0.033m under spending.

Early Years Block - £0.384m under spend:

- viii. Free entitlement to early years education - £0.384m under spend.** Payments to providers delivering the free entitlement to early education and childcare under spent by £0.316m as the DSG funding calculated is made towards the end of the financial year when head count was reaching a peak. There was also a net under spending of £0.068m on centrally managed expenses, the majority of which related to staffing costs.

Year-end balance:

- ix. **Transfer from Earmarked Reserve - £2.446m overspend.** The net aggregate spending overspending on budgets centrally managed in the Schools Budget. This amount is funded through a transfer from the Schools Budget General Reserve.

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

Balances and reserves

- 6.9 As part of the financial planning process, there is the opportunity to establish and maintain reserves and balances. Earmarked Reserves are sums of money which have been set aside for specific purposes and the Schools Forum has agreed a number of Schools Budget reserves should be created. Each year these reserves can have funds added or deducted depending on financial performance and the purposes for which they were created. Balances reflect year end unspent funds and can be held separately as an unring-fenced amount or are transferred to Earmarked Reserves.
- 6.10 Table 1 below provides a summary of movements last year together with current balances on the earmarked reserves of which column 5 shows total available funds at 31 March 2019 of £6.220m, an increase of £0.402m. This reduces to £4.610m when school balances are excluded.

Table 1: Earmarked reserves related to the Schools Budget

Reserve	Balance B/Forward 01-Apr-19 (1) £ 000	Movement in year (2) £ 000	Initial Balance 31-Mar- 2020 (3) £ 000	Year end Transfers (4) £ 000	Final Balance 31-Mar- 2020 (5) £ 000
School Balances - Earmarked:					
Primary	-2,060	0	-2,060	1,011	-1,049
Secondary	230	0	230	66	296
Special	-318	0	-318	-6	-324
Outstanding School loans (a)	590	0	590	-528	62
College Hall PRU	-51	0	-51	28	-23
(b)	-1,609	0	-1,609	572	-1,038
Earmarked Reserves					
SEN Resource Provision Reserve	-459	0	-459	0	-459
New school start-up / diseconomies (a)	-1,000	254	-746	0	-746
School Meals Re-Tender Reserve	-40	0	-40	0	-40
School Expansion Rates Reserve (c)	-1,092	0	-1,092	728	-364
SEN Strategy Reserve (d)	-439	0	-439	83	-356
Grants unapplied	-3	0	-3	0	-3
	-3,033	254	-2,779	811	-1,968
Schools Budget General Reserve					
Brought forward balance	-1,577	0	-1,577	0	-1,577
Transfer from School Expansion Rates Reserve (c)	0	0	0	-728	-728
2019-20 in-year over spend (e)	0	0	0	2,446	2,446
	-1,577	0	-1,577	1,718	141
Total reserves	-6,219	254	-5,965	3,101	-2,865
Total reserves excluding school balances					-1,827
Memorandum item:					
School balances from above				572	-1,038
Adjustment for loans to academy schools (i.e. were outstanding at conversion)				56	61
Mainstream school balances				628	-1,099

6.11 Column 2 from Table 1, movement in year at note (a) relates to the £0.254m transfer from the New School Start up / Diseconomies Reserve that was agreed by the Forum on 17 January 2019 as part of the original budget setting proposals:

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

Note b: School balances: Statutory Regulations require balances on school budgets to be earmarked to individual schools for use in a future financial year. There was an aggregate £0.628m transfer from balances during the year as schools spent more than their budget allocations for the year. In

addition, academy schools with outstanding loans at the point of their conversion repaid the £0.058m of advances that were due, resulting in a net overall reduction in balances of £0.572m. Academy schools now owe £0.061m on outstanding loans. A separate item on tonight's agenda provides further detail on school balances.

Note c: School Expansion Rates Reserve: the annual review of liabilities reflects the latest in-year school rates revaluations and a recognition that any further revaluations will be backdated no further than to April 2017, the most recent national revaluation date. This indicates that £0.728m can be released into the Schools Budget General Reserve for an alternative use.

Note d: SEN Strategy Reserve: the Forum has previously agreed that this reserve would be used to finance the costs of support agreed at the SEN Hub which amounted to £0.083m.

Note e: Schools Budget General Reserve: the aggregate in-year over spending on centrally managed budgets of £2.446m has been charged here.

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

- 6.13 Column 5 of Table 1 shows that the accumulated unused balance on the Schools Budget General Reserve totals a deficit of £0.141m. This is the first time that this reserve has been in deficit. Taking account of the other balances on the earmarked reserve, there is a net surplus of £1.824m.
- 6.14 New provisions have been included in the School and Early Years Finance (England) Regulations 2020, requiring local authorities to carry forward overspends of DSG to their schools budget either in the year immediately following or the year after. Under the new legislation any deficit must be funded from future DSG income unless specific permission is granted by the secretary of state not to do so.
- 6.15 The £1.824m carry forward balance identified above includes several earmarked reserves together with a general unallocated balance which has for the first time moved into a deficit position. The budget strategy is to carry the whole of the deficit forward to be dealt with in the Schools Budget for the new financial year.

Future Budget Planning

Overview

- 6.16 Taking account of the coronavirus pandemic, the DfE have not provided the usual late summer update for the following year's budget. The most recent update therefore remains the September 2019 announcement of a 3-year funding settlement for education and school budgets through to 2022-23. Based on recent briefings from DfE officials at regional updates, these are expected to remain in place and represent a £2.6 bn increase for 2020-21, £2.2 bn more for 2021-22, and £2.3 bn more for 2022-23.
- 6.17 For 2020-21, this resulted in an average increase in per pupil funding for BF schools of 6.3% with HNB funding increasing by 8%. Whilst there are many uncertainties and funding pressures, the look forward remains cautiously optimism for 2021-22. The key determining factor will relate to how the government prioritises the money between the different factors in the School National Funding Formula (NFF) and the level of increase allocated to HNB, EY and other budget areas.

2021-22 budget

- 6.18 Whilst there is only limited available information, there are some matters that will need to be considered as part of the 201-22 budget setting process as follows.
- 6.19 Part of the increase in funding for 2021-22 will need to be used to finance the new minimum per pupil funding level for primary schools which will rise from £3,750 to £4,000 (21 BF schools impacted on current data). The rate for secondary schools will remain unchanged at £5,000 (3 BF schools impacted on current data).
- 6.20 2 school amalgamations occurred in September 2019. These generally result in improved management capacity to raise school standards and greater financial viability than compared to smaller Infant and Junior schools. In the short term, DfE Funding Regulations allow for additional funding allocations to be made to schools in the year following an amalgamation to allow for more time to implement change. The Regulations assume the amalgamated school receives a 1-year funding uplift to 85% of the standard lump sum payment that the 2 former schools received. LAs receive funding for these payments on a lagged basis so there is no extra cost.
- 6.21 Governors at Ascot Heath Primary School have raised concerns that cost reductions are occurring at a slower rate than expected and have requested that enhanced funding continues for a second year. The LA is seeking evidence to support this claim which will be presented to the Forum for consideration when available, although this will not impact until the 2021-22 budget. The DfE will need to agree any enhanced payments past the first year on a case by case basis if funding is to be included in the DSG settlement. The expectation of the DfE is that if agreed, the second year will be at no more than 70% uplift to the core lump sum payment all other schools receive. As there is no financial impact on the BF budget for schools, the Forum is recommended to support the request for additional funding.
- 6.22 There is likely to be a budget pressure on business rates which are funded annually in arrears, based on actual costs from the previous year. As well as the potential for the normal inflationary uplift, there can also be site revaluations. With the redevelopment of Brakenhale School site, there is an expectation of additional costs.
- 6.23 There are some concerns relating to the quality and completeness of the data that will be contained on the October 2020 census that will be used to fund school budgets in 2021-22. At this stage it is unclear whether all pupils will have returned to schools after the coronavirus pandemic which would result in understated numbers. Any missing data would have an impact on school funding levels. The DfE are aware of this issue and are considering options to ensure funding is allocated fairly and accurately.
- 6.24 There will be 2 changes to data used in next year's budgets:
1. With national examinations being cancelled there will be no new test results to fund schools for low prior attainment pupils. The expectation is that 2019 data will be used again.
 2. Income Deprivation Affecting Children Index (IDACI)² core data has been updated which will result in funding turbulence between areas and schools
- 6.25 The DfE has confirmed that it recognises the particular problems the NFF creates for small schools and is therefore exploring the possibility of providing additional support. At this stage there is no definition of a small school, how funds would be distributed or

² IDACI measures the probability that a child comes from a low income family from their post code.

how much would be involved. More information is needed before any conclusions can be drawn.

Longer term

- 6.26 The DfE is still aiming for the NFF to be fully replicated in each LAs Funding Formula – BF achieved 99.8% of total funding for all factors in 2020-21 – but there will be no immediate requirement for this as LAs are generally making good progress towards it.
- 6.27 In order to improve efficiency of funding and remove a substantial number of bills for business rates, the DfE is aiming to directly fund business rates, so no cost or funding for schools. This could be in place for 2022-23.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

- 7.2 The financial implications arising from this report are set out in the supporting information. The budget variances were reviewed during the year and where appropriate, have been built into the 2020-21 budget, most notably relating to the increasing pressure on High Needs Budgets. A net deficit budget of £1.777m has been set for the year which will need to be recovered over the medium term.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 There is a risk to the Schools Budget from not having sufficient reserves to manage unforeseen in-year cost pressures. This is mitigated by holding funds in earmarked reserves and other reserves, although these are now diminishing.

8 CONSULTATION

- 8.1 Not applicable.

Background Papers

None

Contact for further information

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Doc. Ref

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**2019-20 PROVISIONAL BUDGET MONITORING STATEMENT FOR THE
SCHOOLS BUDGET AS AT THE END OF JUNE 2020**

Service Area	Approved Budget			Outturn Net Spend	Estimated Variance			Transfer to(+)/ from (-) reserves	Final 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	56,023	0	56,023	56,361	0	0	0	0	0	
School Grant income	0	-6,082	-6,082	-6,082	-1	0	-1	0	-1	
Schools Block	56,023	-6,082	49,941	50,279	-1	0	-1	0	-1	
<u>LA managed items:</u>										
Retained de-delegated Budgets:										
<i>Behaviour</i>	253	-7	246	208	-46	10	-36	0	-36	i
<i>Schools in Financial Difficulty</i>	60	0	60	60	-9	8	-1	0	-1	
<i>Official Staff Absences</i>	261	0	261	283	-33	55	22	0	22	
<i>English as an Additional Language</i>	99	0	99	101	-13	17	4	0	4	
<i>PRC / Licence Fees / FSM checking</i>	60	0	60	49	-14	2	-12	0	-12	
Combined Service Budgets:										
<i>Education Attainment and School Transport for LAC</i>	176	0	176	152	-45	21	-24	0	-24	
<i>Family Intervention Project / Domestic Abuse</i>	106	0	106	102	-4	0	-4	0	-4	
<i>CAF Co-ordinator</i>	42	0	42	41	-3	3	0	0	0	
<i>SEN Contract Management</i>	33	0	33	25	-9	1	-8	0	-8	
<i>Education Health / Sport</i>	48	0	48	47	-1	0	-1	0	-1	
Statutory and Regulatory Duties	496	0	496	500	0	4	4	0	4	
Other Schools Block provisions and support services	1,233	0	1,233	907	-325	1	-324	0	-324	ii
LA managed items:	2,867	-7	2,860	2,475	-502	122	-380	0	-380	
Sub total Schools Block	58,890	-6,089	52,801	52,754	-503	122	-381	0	-381	

**2019-20 PROVISIONAL BUDGET MONITORING STATEMENT FOR THE
SCHOOLS BUDGET AS AT THE END OF JUNE 2020**

Service Area	Approved Budget			Outturn Net Spend	Estimated Variance			Transfer to(+)/ from (-) reserves	Final variance	Note
	Spend	Income	Net		Under spending	Over spending	Net variance			
	£000	£000	£000		£000	£000	£000	£000	£000	
High Needs Block										
Delegated Special Schools Budgets	4,070	0	4,070	4,243	0	172	172	0	172	iii
Post 16 SEN and other grants	0	-173	-173	-173	0	0	0	0	0	
Maintained schools and academies	1,418	-31	1,387	2,731	52	1,292	1,344	-83	1,261	iv
Non Maintained Special Schools and Colleges	5,529	0	5,529	6,306	-35	812	777	0	777	v
Education out of school	1,347	-3	1,344	2,276	0	931	931	0	931	vi
Other SEN provisions and support services	1,668	-68	1,600	1,678	-268	347	79	0	79	vii
Sub total High Needs Block	14,032	-275	13,757	17,061	-251	3,554	3,303	-83	3,220	
Early Years Block										
Free entitlement to early years education	5,540	-3	5,537	5,221	-316	0	-316	0	-316	viii
Other Early Years provisions and support services	245	-19	226	159	-74	6	-68	0	-68	viii
Sub total Early Years Block	5,785	-22	5,763	5,380	-390	6	-384	0	-384	
Dedicated Schools Grant	0	-71,783	-71,783	-71,791	-9	0	-9	0	-9	
Contribution from BFC	338	0	338		0	0	0	0	0	
Deficit for the year funded from Reserves:										
School Expansion Reserve								-728	-728	ix
General Unallocated balance								-1,718	-1,718	ix
TOTAL - Schools Budget	79,045	-78,169	876	3,404	-1,153	3,682	2,529	-2,529	-0	

Note on Unallocated Schools Budget balance:

Opening unringfenced balance on Schools Budget	-1,577
2019-20 forecast in-year net variance	2,529
Proposed transfer from SEN Strategy Reserve	-83
Proposed transfer from Schools Expansion Rates Reserve	-728
Net deficit on Schools Budget Unallocated Balance at 31 March 2020	141

See paragraph 6.8 for an explanation to the notes to variances. Note roundings may result in totals not cross checking

Earmarked reserves relating to the Schools Budget

Reserve	Purpose	Policy	Year-end value
School Balances	These funds are used to support future expenditure within the Schools Budget relating to individual school balances.	Balances are permitted to be retained by Schools under the Schools Standards & Framework Act 1998. Policies are set and the reserves are managed by schools and the LA has no practical control over the level of balances.	March 16 £3.407m March 17 £1.746m March 18 £1.363m March 19 £1.610m March 20 £1.038m
SEN Resource Units	To set aside in a reserve for building adaptations to allow for the creation of SEN resource units on school sites.	To finance capital expenditure to assist with the development of local, cost effective provisions to support pupils with SEN.	March 16 £0.316m March 17 £0.304m March 18 £0.337m March 19 £0.459m March 20 £0.459m
New school start-up / diseconomies	To set aside an earmarked reserve to support the additional costs that will arise from the new school places building programme.	To help finance the diseconomy costs that will arise from new schools that will open with relatively low numbers of pupils as housing developments progress.	March 17 £0.300m March 18 £0.800m March 19 £1.000m March 19 £0.746m
School Meals Catering Re-tendering Reserve	To set aside an earmarked reserve for the School Meals Catering Re-tendering exercise	To help finance costs arising from future Schools Meals Catering tendering exercises.	March 16 £0.040m March 17 £0.040m March 18 £0.040m March 19 £0.040m March 20 £0.040m
Schools Expansion Rates Reserve	To set aside an earmarked reserve for the rates costs associated with school expansions.	To help finance costs arising from the school expansion programme.	March 16 £0.445m March 17 £0.595m March 18 £0.842m March 19 £1.092m March 20 £0.364m

Reserve	Purpose	Policy	Year-end value
SEN Strategic Reserve	To set aside funding to contribution to costs arising from implementation of the SEN Strategy, assisting with the early implementation of change to improve the outcomes of children.	To help finance start-up and one-off initiatives arising from the SEN Strategy.	March 18 £0.439m March 19 £0.439m March 20 £0.356m
Grants unapplied Reserve	To set aside in a reserve for unspent Schools Budget related grants where there are no restrictions applied to the spending from the grant awarding body.	To facilitate the transfer of unspent grant balances between financial years.	March 16 £0.008m March 17 £0.003m March 18 £0.003m March 19 £0.003m March 20 £0.003m
Schools Budget General Reserve	The Schools Budget is a ring fenced account, fully funded by external grants, the most significant of which is the Dedicated Schools Grant. Any under or overspending remaining at the end of the financial year must be carried forward to the next year's Schools Budget.	This reserve is held for specific accounting reasons. The funds in this reserve are ring fenced and cannot be used for any other purpose than a future years' Schools Budget.	March 16 £1.373m March 17 £1.779m March 18 £1.994m March 19 £1.577m March 20 -£0.141m

TO: SCHOOLS FORUM
Date 16 JULY 2020

2019-20 BALANCES HELD BY MAINTAINED SCHOOLS **Executive Director - People**

1 PURPOSE OF REPORT

- 1.1 This is an annual report, the purpose of which is to update members of the Schools Forum on the level of balances held by maintained schools as at 31 March 2020, how these compare to the previous financial year and to consider whether any significant surplus balances should be subject to claw-back and re-invested within the overall Schools Budget.
- 1.2 Balances held by academy schools are not part of the council's accounts and are therefore excluded from this report.

2 EXECUTIVE SUMMARY

- 2.1 There was a significant reduction in aggregate school balances during 2019-20 where cumulative surplus balances reduced by £0.629m to £1.099m (down 36%). At 1.9% of annual income, average surplus balances have moved to a position where they are below the 3% level recommended to be able to safely manage unforeseen in-year pressures.
- 2.2 Within this, a number of schools are holding significant surplus balances, all of which have provided explanations to indicate suitable plans are in place for appropriate expenditure in the short term to ensure resources are being spent in a timely manner to support current pupils.
- 2.3 There are a number of schools with deficit balances, which have in total reduced slightly by £0.026m to £1.103m. The council and Schools Forum support schools facing financial difficulties through licensed deficit arrangements that set out medium to long term recovery plans that demonstrate that a temporarily short term over spend of annual income is recovered and a return to a surplus is achieved. For some schools, full repayment plans have yet to be developed.
- 2.4 Schools are also permitted to retain unspent balances arising from capital related budgets. They receive small annual budgets for capital – around £9,000 for a primary school and £24,000 for a secondary – and often need to accumulate funding from a number of years in order to fully finance projects. Capital budgets are directly funded by Department for Education (DfE) grant and are outside the local claw-back scheme. DfE remove any unspent balances that remain 3 years and 1 month after allocation.

3 RECOMMENDATIONS

That the Schools Forum NOTES:

- 3.1 The key performance information on school balances, as set out in paragraph 6.6, and in particular;**
- i. Aggregate surplus balances have decreased by £0.629m to £1.099m;**
 - ii. The value of surplus balances has reduced by £0.655m to £2.202m;**
 - iii. The value of deficit balances has decreased by £0.026m to £1.103m and needs to be carefully monitored;**
 - iv. Significant surplus school balances have decreased by £0.450m to £0.250m (64%);**
 - v. At 1.9%, average balances are considered to be below the minimum level required for working balances to safely cover unforeseen circumstances.**
 - vi. The three-year average change shows net balances in:**
 - a. primary schools deteriorated by £0.898m to £1.049m (46%)**
 - b. secondary schools improved by £0.238m to £0.296m deficit (45%)**
 - c. specialist providers significantly increased in 2018-19 as both provisions filled up and remained fairly static in 2019-20**

That the Schools Forum AGREES:

- 3.2 That the entire significant surplus balances held by schools has been assigned for relevant purposes as set out in the approved scheme and should not be subject to claw back (paragraph 6.15).**

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 Not applicable.**

6 SUPPORTING INFORMATION

Calculating Statutory School Balances

- 6.1 The School Funding Framework provides a statutory requirement for the balance of expenditure made by each school compared to its budget share to be carried forward for use by individual governing bodies in the next financial year. This requirement is confirmed in the Scheme for Financing Schools which applies to both surplus and deficit balances and relates to all revenue funds held by schools in local authority accounts.**
- 6.2 Attached at Annex A is a list of individual school balances as at 31 March 2020. Carry forward balances are calculated by deducting total net expenditure from new year funding and any accumulated balance. The percentage of carry forward is calculated against new year funding only to ensure any potential claw-back focuses on the use of**

new year funding only. Annex B provides a summary profile of deficit and surplus balances and movements compared to last year.

- 6.3 In accordance with DfE policy, school loans previously granted to cover a recurrent revenue deficit have been converted to licensed deficits i.e. approval to overspend. There is no impact in the financial balances held by schools from this change, but rather in presentation of financial information.
- 6.4 Previously, school budget reports included loan advances which in effect provide a short-term increase in a school's income to prevent an overspend showing, with repayments reducing funding in future years as they become affordable. Reports to these schools now show the current underlying deficit.
- 6.5 Reports on school balances to the Schools Forum have always been adjusted to exclude the effect of loans and have therefore presented the true current balance excluding short term financing.

General comments on school balances

- 6.6 Some comments on the analysis are as follows:
1. Aggregate surplus balances have decreased by £0.629m, from £1.728m to £1.099m (down 36.4%). This indicates a notable draw down from one-off balances and is a clear sign of financial difficulties.
 2. There has been a 49.0% (£1.029m) decrease in surplus balances in the primary and PRU sectors with balances held by secondary and special sectors aggregate showing an £0.399m improvement as they moved from a £0.371m deficit to £0.028m surplus.
 3. On average, at 1.9% of total budget (was 3.1%), average reserves are considered to be below the 3% minimum level required for sufficient working balances to cover unforeseen circumstances. Within the headline average surplus balance, there are 7 schools with a deficit and 7 schools with surpluses below the 3% level and which may therefore struggle to manage unforeseen cost increases.
 4. The licensed deficit scheme provides a mechanism to ensure that all schools have sufficient funds in place to cover their approved, anticipated costs.
 5. The average surplus balance for a primary school is £0.046m (3.2%) from £0.082m and secondary schools have an average deficit of £0.099m (2.7%) from £0.230m.
 6. The aggregate surplus balance of £1.099m comprises £2.202m from surpluses (was £2.879m) and £1.103m in deficits (was £1.150m). There has been an improvement in the level of deficits and deterioration in the level of surpluses.
 7. The largest surplus balance held by a primary school is £0.254m (was £0.427m) and £0.294m for a secondary (was £0.237m).
 8. The largest surplus balance as a percentage of budget is 13.1% (was 18.4%) and the greatest deficit is 15.0% (was 12.1%).
 9. Five primary and two secondary schools were in deficit at the end of the 2019-20 financial year. For Warfield Primary, a balanced budget plan has been received for 2020-21, including funding of the deficit, which is expected to be delivered. Plans for all of the other schools in deficit are set out on the accompanying agenda item on support to schools in financial difficulties.

3 year change in school balances: 2017-18 to 2019-20

- 6.7 In general, over the last 3 years, balances held by primary schools have deteriorated whilst those in secondary and specialist providers have improved as highlighted below.
1. Balances in primary schools are deteriorating, most likely as a result of a number of years of cuts in real terms funding and the reduction in pupil numbers and increase in spare places.
 - i. Deficit balances increased by £0.448m to £0.512m (693%)
 - ii. Surplus balances have reduced by £0.450m to £1.561m (22%)
 - iii. Net balances deteriorated by £0.898m to £1.049m (46%)
 2. Balances in secondary schools are improving, most likely as pupil numbers are increasing, but also reflecting the poor starting position and prolonged period of support from the LA.
 - i. Deficit balances reduced by £0.107m to £0.590m (15%)
 - ii. Surplus balances increased by £0.131m to £0.294m (81%)
 - iii. Net balances improved by £0.238m to £0.296m deficit (45%)
 3. Balances in specialist providers significantly increased in 2018-19 as both provisions filled up and remained fairly static in 2019-20

Annex C presents these changes in bar graphs.

Significant surplus balances

- 6.8 Following consultation with schools, the Forum agreed that where significant balances are not being held for a valid purpose a claw-back scheme would be applied to remove relevant amounts for re-distribution within the Schools Budget. This was based on the position at that time where up to 40% of annual income was being held within individual school balances when in principle there is an expectation that the significant majority of annual funding should be spent on pupils in school that year and not held back unnecessarily.
- 6.9 Whilst there is no desire to claw-back money from schools, and that has been the case to date, there is still a responsibility to challenge those with significant surpluses as to why more is not being spent on the educational needs of pupils currently in schools. However, it does also need to be recognised that there will be circumstances that support schools building up significant surplus balances to manage future events.
- 6.10 Members of the Forum will recall that the main principle of the claw-back scheme is that balances in excess of 5% for secondary and 8% for primary and special schools or PRUs have been defined as significant and schools should provide information of intended use where balances exceed these levels. No explanation is required on surpluses below these thresholds.
- 6.11 A range of valid purposes have been agreed that permit schools to retain significant surplus balances above these threshold levels. If funds are not being held for a valid reason, then they are subject to claw-back. Furthermore, there is an absolute cap as to what can be retained, even where it relates to a valid reason. The maximum thresholds are 10% for secondary and 16% for primary and special schools or PRUs although schools can make a request to the Forum to exceed the limit, which if not agreed can be appealed to the Executive Director - People.

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

- 6.12 Six schools were identified as holding a significant surplus, which is a decrease of three from the number at the end of 2018-19. The aggregate level of significant surplus balances amounts to £0.249m, a decrease of £0.450m (-64%). The final two columns of Annex A highlight schools holding significant surpluses and the relevant amount. There are no schools with surplus balances above the maximum cap compared to two last year.
- 6.13 Relevant schools holding significant surplus balances have provided headteacher certified statements that confirm that these funds are being held for valid reasons, as set out in the scheme, with around 99% profiled to be spent in the current year and 1% in 2021-22.
- 6.14 In terms of the likelihood of schools completing the spend to schedule, plans have been categorised between uncommitted if governors have yet to agree the project, approved, once formally signed off by governors, and complete where spend has now been incurred. All of the spending plans have been approved by governors.
- 6.15 Based on these returns, the Forum is therefore recommended to agree that no claw-back should be applied. A summary of intended use of the significant surpluses is as follows:
1. £0.202m to finance additional staff costs as schools transition to re-structures and cost reductions (78%)
 2. £0.033m for capital buildings, construction and refurbishment (13%)
 3. £0.023m for other spend agreed in advance, which relates to ring-fenced income from the Teaching School
- 6.16 The analysis of planned spend also shows that 87% is intended to be spent on day to day revenue related costs and 13% on capital projects.

Annex E sets out outline information on the spending intentions of schools with significant surplus balances.

Capital Funding

- 6.17 Schools receive direct funding for capital projects through the DfE Devolved Formula Capital Grant (DFC). DFC is allocated as a specific grant through a national formula, paying a fixed lump sum of £4,000 for all schools and £11.25 per pupil for primary aged pupils, £16.88 for secondary pupils up to 15 years of age, £22.50 for post 16 aged pupils and £33.75 for those in special schools. Total funding for the year amounted to £0.257m with the average allocation to a primary school at £8,976 and £24,171 for a secondary school.
- 6.18 DFC is provided in response to the continuing need for additional resources and must be spent on improving the condition and suitability of school accommodation as well as ICT hardware. Individual projects need to be at least £2,000 to qualify as capital related expenditure with buildings related projects needing to be approved by the council before they can proceed for reasons of health and safety. Schools can pool their funding amongst each other or add it as a contribution to projects undertaken by the Council. Funding must be spent on eligible expenditure within 3 years and one term of receipt or be returned to the DfE.

- 6.19 As voluntary aided (VA) schools own and are responsible for the maintenance of their buildings, different arrangements are in place, outside local authority accounts, and therefore, information on the 5 VA schools in Bracknell Forest are not available for inclusion in this report.
- 6.20 Schools received additional one-off capital funding in 2018-19. This relates to a £400m grant for schools that was announced in the Chancellor's 2018 budget statement. Total funding for the year amounted to £0.512m with the average allocation to a primary school at £14,588 and £60,497 for a secondary school. The same conditions apply to this funding stream as to normal DFC with this funding now subsumed within DFC.

Annex F provides a summary of individual school balances of DFC as at 31 March 2020.

- 6.21 Some comments on the analysis are as follows:
1. Aggregate unspent balances amount to £0.508m (was £0.760m) as more schools spend the additional funds received in 2018-19.
 2. In these circumstances, the level of capital balances are not considered excessive as schools tend to save funds over a number of years before committing to significant projects. It does present an opportunity for schools to consider larger and more significant value projects than in the recent past.
 3. All schools had at least a net nil balance at year end.
 4. Three schools are in danger of having to return unspent grant at 31 August 2020, which aggregates to £0.010m. Relevant schools have been informed of this risk and all have indicated that they intend to fully spend the amounts by the deadline.

Conclusion

- 6.22 The difficult financial environment that schools are working in requires annual efficiencies or general cost reductions to be made each year to balance budgets. Whilst there are improvements in funding allocations over the next 2 years, they have not been significant enough to fully fund cost increases which in increasing pressure on balances.
- 6.23 The 3 year trend is that whilst primary school balances are in an overall surplus, the overall amount is reducing whilst those held by secondaries are increasing, however, they are still in an aggregate deficit position. The LA and Schools Forum can support schools in financial difficulty through licensed deficit arrangements and work is progressing to secure plans with all schools in a deficit.
- 6.24 With the next 2 years budget settlement for schools already announced with significant funding increases similar to 2020-21 – average per pupil funding increases were 6.3% - in particular for primary schools in 2021-22 where minimum per pupil funding will increase from £3,750 to £4,000, there will be better opportunities to stabilise school balances.
- 6.25 In respect of capital grants, the majority of schools continue to secure total funding for a project from DFC before it commences. The new one-off funding received in 2018-19 presents schools with an opportunity to consider larger than normal projects.

ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

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

Director of Finance

- 7.2 The Director of Finance is satisfied that no significant financial implications arise from reporting 2019-20 school balances. Schools continue to operate in difficult financial circumstances and a number of risks exist.

Equalities 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

- 8.1 Not applicable, applying statutory regulations and approved policies.

Background Papers

None.

Contact for further information

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(01344 354054)

<mailto:paul.clark@bracknell-forest.gov.uk>

Doc. Ref

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2019-20 School Revenue Balances

School	2019-20 Funding (excluding brought forward)	School Balances					Significant surplus	
		Real carry forward amount	Percentage 2019-20 Funding	Change from 2018-19	Percentage of total Budget last year	Change in Percentage of total Budget	Amount requiring explanation and permission (over 5% or 8%)	Amount above maximum cap
Ascot Heath Primary	£1,477,503	£220,641	14.93%	£166,145	3.37%	11.56%	£0	£0
Binfield CE Primary	£1,459,779	-£1,294	-0.09%	-£7,266	0.42%	-0.51%	£0	£0
Birch Hill Primary	£1,555,342	-£26,114	-1.68%	-£14,443	-0.75%	-0.93%	£0	£0
College Town Primary	£1,946,642	-£201,790	-10.37%	-£4,665	-9.65%	-0.72%	-£46,059	£0
Cranbourne Primary	£791,483	-£2,439	-0.31%	£21,404	-3.12%	2.81%	£0	£0
Crowthorne CE Primary	£811,651	-£13,310	-1.64%	£18,244	-3.89%	2.25%	£0	£0
Fox Hill Primary	£948,861	-£3,450	-0.36%	£28,970	-3.41%	3.05%	£0	£0
Harmanswater Primary	£2,246,204	£82,636	3.68%	£132,225	-2.23%	5.91%	£0	£0
Holly Spring Primary	£2,348,744	-£254,868	-10.85%	£14,005	-11.47%	0.62%	-£66,968	£0
Meadow Vale Primary	£2,472,760	-£168,434	-6.81%	£258,781	-16.36%	9.55%	£0	£0
New Scotland Hill Primary	£878,443	-£35,426	-4.03%	-£8,505	-3.17%	-0.86%	£0	£0
Owlsmoor Primary	£2,129,742	-£98,212	-4.61%	£9,037	-5.38%	0.77%	£0	£0
The Pines School	£1,310,881	£166,661	12.71%	£41,564	10.39%	2.32%	£0	£0
Sandy Lane Primary	£1,867,623	-£186,041	-9.96%	£168,263	-18.41%	8.45%	-£36,631	£0
St Joseph's Catholic Primary	£822,486	-£76,650	-9.32%	£5,861	-10.01%	0.69%	-£1,650	£0
Winkfield St Mary's CE Primary	£766,470	£6,193	0.81%	£385	0.76%	0.05%	£0	£0
St Michaels Easthampstead	£911,825	-£53,339	-5.85%	£53,934	-11.90%	6.05%	£0	£0
St Michaels CE Primary, Sandhurst	£762,895	-£15,462	-2.03%	-£9,747	-0.77%	-1.25%	£0	£0
Uplands Primary	£922,785	-£97,700	-10.59%	£3,630	-11.10%	0.51%	-£22,700	£0
Warfield CE Primary	£1,826,000	£36,676	2.01%	£26,796	0.58%	1.43%	£0	£0
Whitegrove Primary	£1,477,656	-£193,678	-13.11%	£16,294	-14.36%	1.25%	-£75,466	£0
Wildridings Primary	£1,616,378	-£89,819	-5.56%	£40,156	-7.94%	2.39%	£0	£0
Woodenhill Primary & Nursery	£1,440,030	-£43,394	-3.01%	£39,957	-5.82%	2.81%	£0	£0
College Hall PRU	£793,610	-£23,392	-2.95%	£27,549	-6.65%	3.70%	£0	£0
Easthampstead Park	£4,766,873	£59,168	1.24%	-£275,418	8.03%	-6.79%	£0	£0
The Garth Hill	£8,843,979	-£293,823	-3.32%	-£56,144	-2.68%	-0.64%	£0	£0
Sandhurst	£5,285,295	£530,934	10.05%	-£62,329	12.14%	-2.09%	£0	£0
Kennel Lane	£4,248,373	-£323,960	-7.63%	-£5,575	-8.04%	0.42%	£0	£0
Total	£56,730,313	-£1,099,686	-1.94%	£629,108	-2.84%	-0.16%	-£249,474	£0
							-£249,474	
Total with loan advances		-£1,099,686	-1.94%					
Primary average	£1,425,747	-£45,592	-3.20%					
Secondary average	£6,298,716	£98,760	2.65%					
Primary minimum	£762,895	-£254,868	-13.11%					
Primary maximum	£2,472,760	£220,641	14.93%					
Secondary minimum	£4,766,873	-£293,823	-3.32%					
Secondary maximum	£8,843,979	£530,934	10.05%					

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

Summary profile of deficit and surplus school balances – All Schools

Sector	2018-19				2019-20				Change in carry forward 2018-19 to 2019-20 (+ increase / - decrease in surplus)	
	Budget for the year (excludes b/forward)	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget	Budget for the year (excludes b/forward)	Carry Forward with loan advances	Carry Forward excluding loan advances	Carry Forward as % of final budget		
Primary and PRU	£33,457,355	£2,110,579	£2,100,579	6.28%	£33,585,793	£1,072,005	£1,072,005	3.19%	-£1,028,574	-48.97%
Secondary and Special	£21,885,064	£88,215	-£371,785	-1.70%	£23,144,520	£27,681	£27,681	0.12%	£399,466	-
Total including loan advances	£55,342,419	£2,198,794	£1,728,794	3.12%	£56,730,313	£1,099,686	£1,099,686	1.94%	-£629,108	-36.39%
Net Outstanding loans	£470,000				£0					

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

2018-19

Primary and PRU	5	£125,097	19	-£427,215	7	4	8	8	-£697,787
Secondary and Special	2	£593,263	2	-£318,385	1	0	1	1	-£1,762
Total	7	£1,129,102	21	-£2,857,896	8	4	9	9	-£699,549

2019-20

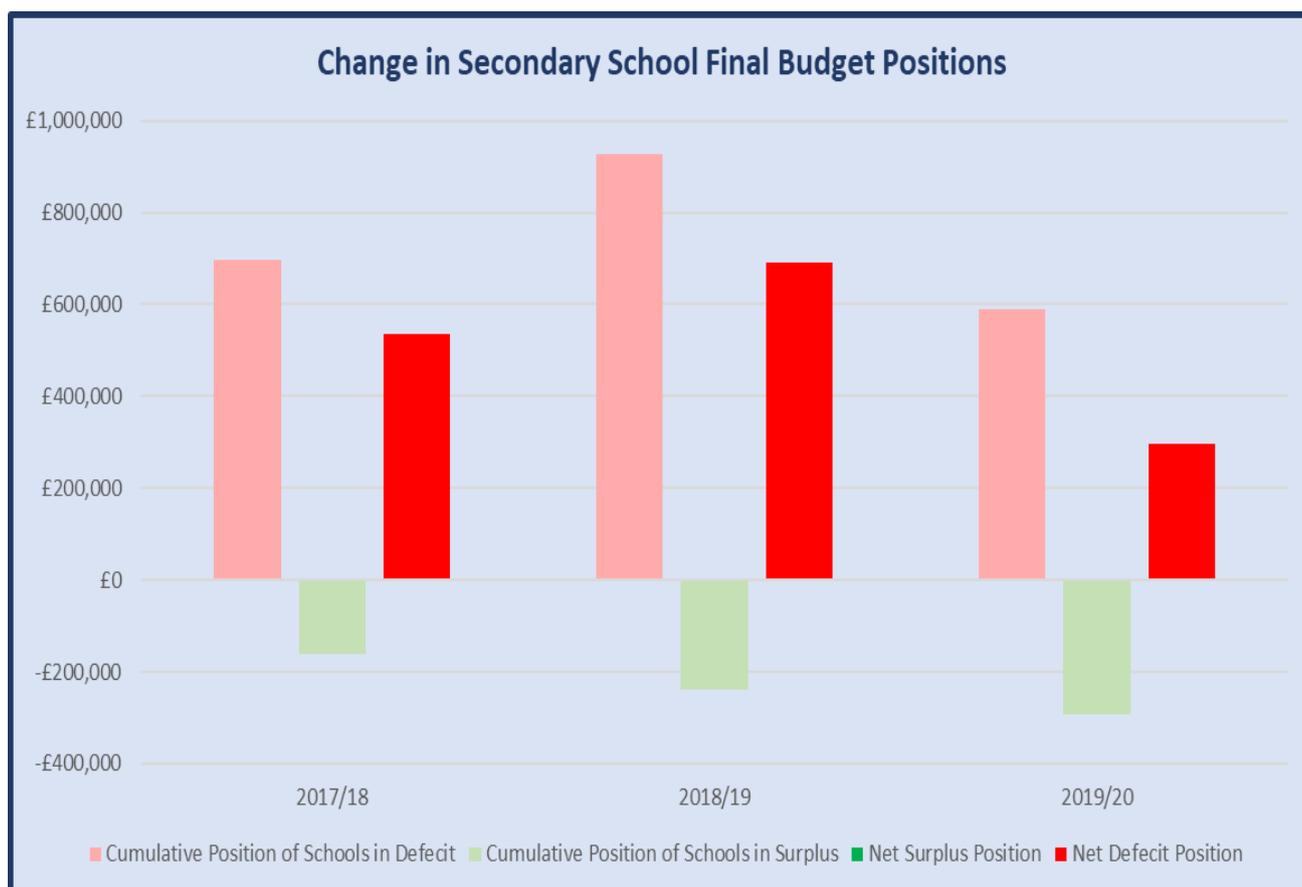
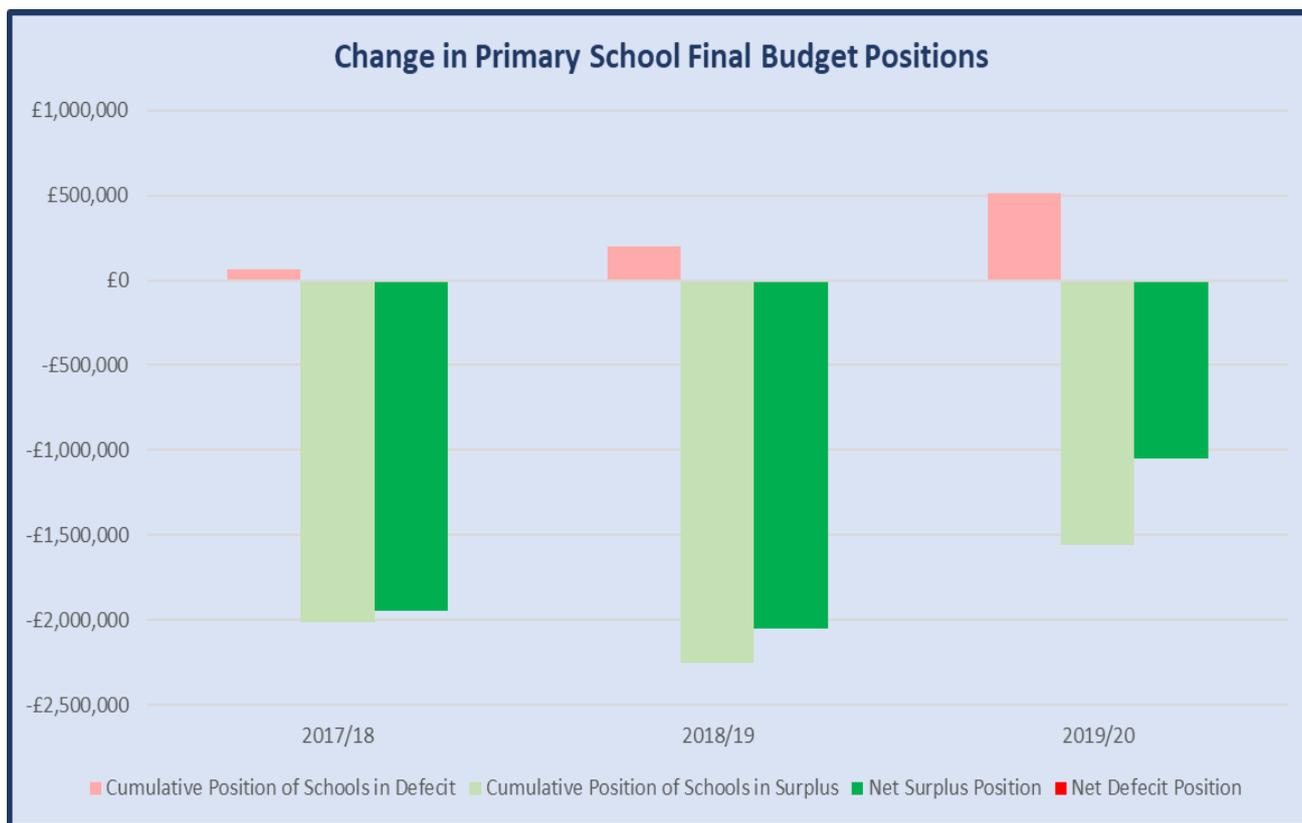
Primary and PRU	5	£220,641	19	-£254,868	10	3	6	6	-£249,474
Secondary and Special	2	£530,934	2	-£323,960	1	1	0	0	£0
Total	7	£1,102,909	21	-£2,202,595	11	4	6	6	-£249,474

Change 2018-19 to 2019-20

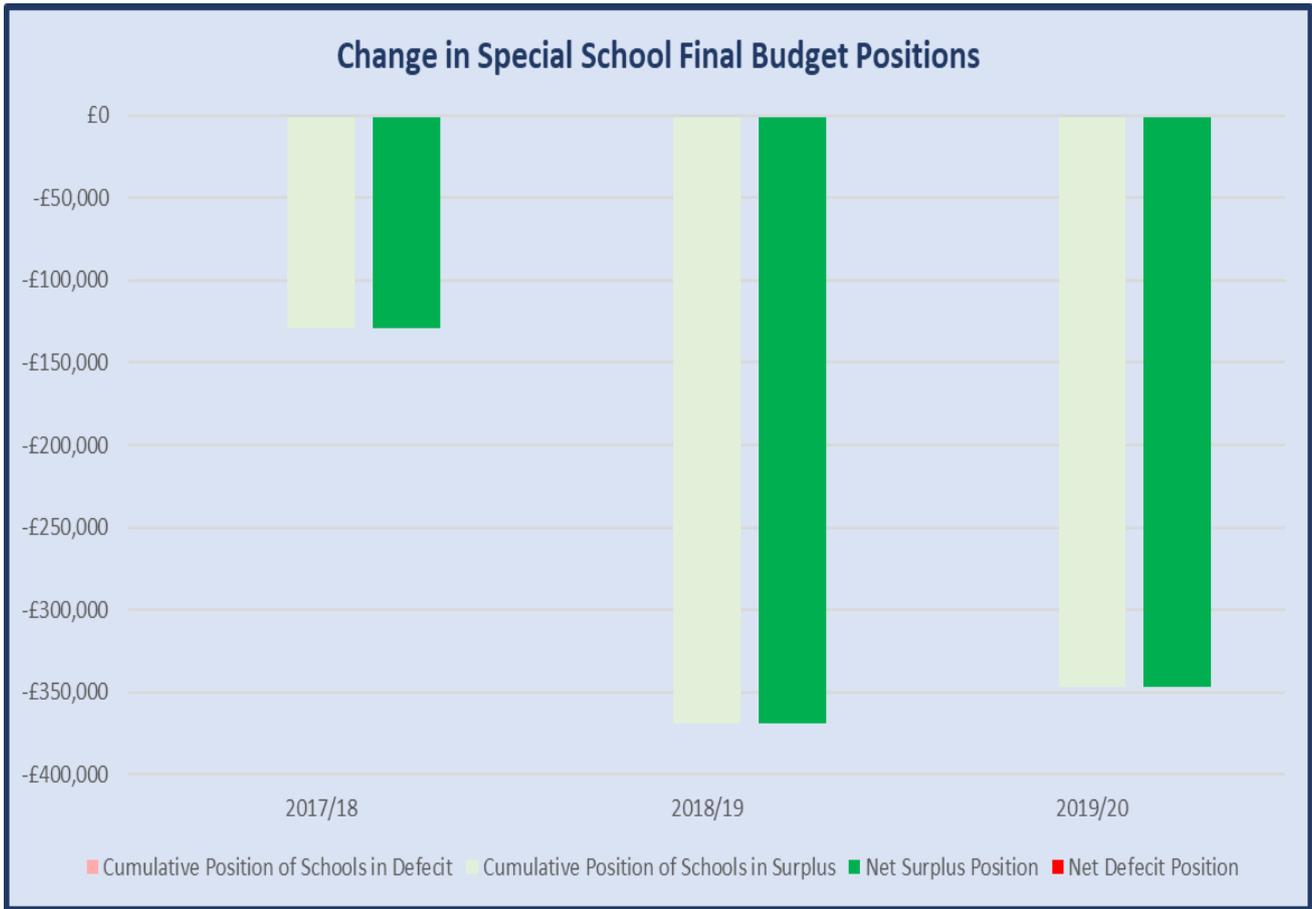
Primary and PRU	0	£95,544	0	£172,347	3	-1	-2	-2	£448,313
Secondary and Special	0	-£62,329	0	-£5,575	0	1	-1	-1	£1,762
Total	0	-£26,193	0	£655,301	3	0	-3	-3	£450,075

School Balances – 3-year change 2017-18 to 2018-19

For each year: first bar (pink) shows aggregate of deficit balances, second bar (light green) shows aggregate of surplus balances, third bar is net position of deficits and surpluses, with bright green indicating overall surplus, red indicating overall deficit.



For each year: first bar (pink) shows aggregate of deficit balances, second bar (light green) shows aggregate of surplus balances, third bar is net position of deficits and surpluses, with bright green indicating overall surplus, red indicating overall deficit.



Approved scheme to control significant surplus school balances

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

Controls on surplus balances

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

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

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

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

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

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

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

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

The conditions outlined here are intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely. A change in the plans of a school is not allowed to be the only criterion by which a sum can be considered to be properly assigned or not. After the accounts are closed each year, the Authority will contact schools with significant

surplus balances to agree whether any of the balance has been properly assigned for a specific purpose and can therefore be deducted from the claw-back calculation.

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

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

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

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

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

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

Analysis of significant school surplus balances

School	Significant Surplus					
	Type of spend			Spend by year (finish date)		
	Uncommitted	Approved	Complete	2020-21	2021-22	2022-23 onwards
<u>College Town Primary (10.37% surplus - £45,059 significant)</u> New cubicles, redecoration and new floor in 4 toilets		£30,000		£30,000		
Cost of supporting Lead Practitioner out of class for 2 years to 31 March 2021		£14,335		£14,335		
On-going protected staff salary expenses arising from school amalgamation to August 2022		£8,650		£8,650	£3,605	
Total accounted for		£52,985		£52,985	£3,605	£0
<u>Holly Spring Primary (11.47% surplus - £66,968 significant)</u> To sustain the staffing structure put in place following school amalgamation for another academic year. A further re-structure will follow to ensure a balanced budget, as evidenced in the 3 year budget plan.		£66,969		£66,969		
Total accounted for		£66,969		£66,969	£0	£0
<u>Sandy Lane (9.96% surplus - £36,631 significant)</u> To support staffing to a level that ensures the school maintains Ofsted Good rating that was achieved in February 2020. A review of staffing will be undertaken for implementation from September 2021.		£36,631		£36,631		
Total accounted for		£36,631		£36,631	£0	£0

School	Significant Surplus					
	Type of spend			Spend by year (finish date)		
	Uncommitted	Approved	Complete	2020-21	2021-22	2022-23 onwards
<u>St Josephs (9.32% surplus - £1,650 significant)</u> Redecoration of Key Stage 1 classrooms and corridors throughout the school		£3,000		£3,000		
Total accounted for		£3,000		£3,000	£0	£0
<u>Uplands (10.59% surplus - £22,700 significant)</u> Carry forward from teaching school, which must be reported through the main school budget although it is earmarked for other purposes and not for use by the school.		£22,700		£22,700		
Total accounted for		£22,700		£22,700	£0	£0
<u>Whitegrove (13.11% surplus - £75,466 significant)</u> Cost of current staffing structure is not sustainable and needs to be reduced. Requirement to restructure SLT leadership scale points in line with bench marking with similar schools. Staff consultation delayed due to Covid.		£75,466		£75,466		
Total accounted for		£75,466		£75,466	£0	£0
Overall Total	£0	£257,751	£0	£257,751	£3,605	£0
Total	0%	100%	0%	99%	1%	0%
Total		£257,751			£261,356	

2019-20 School Capital Balances

School	2019-20 new year funding £	Carry forward			Amount that must be spent by 31 August 2020 £
		Total Amount (+surplus / -deficit) £	Percentage of new year funding £	Change from 2018-19 (+increase / -decrease) £	
Ascot Heath	12,849	51,483	400.68%	3,899	5,386
Birch Hill Primary	8,898	5,556	62.44%	-7,606	
College Town Primary	9,979	1,962	19.66%	-35,251	
Cranbourne Primary	6,250	12,818	205.09%	-2,845	
Crowthorne CE Primary	6,363	1,299	20.41%	-16,436	
Fox Hill Primary	6,538	10,473	160.19%	-5,164	
Harmanswater Primary	10,980	26,838	244.43%	-14,545	
Holly Spring	14,791	48,110	325.27%	7,723	
Meadow Vale Primary	11,592	47,108	406.38%	3,948	1,314
New Scotland Hill Primary	6,401	10,451	163.27%	-6,602	
Owlsmoor Primary	10,486	5,255	50.11%	-18,181	
Pines	7,566	18,945	250.40%	4,867	
Sandy Lane Primary	10,026	23,308	232.48%	-8,850	
St Marys CE Primary (Winkfield)	6,273	6,494	103.52%	-20,454	
Uplands Primary	6,773	27,310	403.22%	4,292	3,254
Warfield CE Primary	8,839	11,323	128.10%	-17,165	
Whitegrove Primary	8,748	4,424	50.57%	-30,465	
Wildridings Primary	8,804	2,309	26.23%	-13,903	
Woodenhill Primary and Nursery	8,384	18,487	220.50%	2,384	
Easthampstead Park	18,366	0	0.00%	-18,131	
Garth Hill	32,637	129,177	395.80%	-18,552	
Sandhurst	21,511	41,699	193.85%	-21,578	
Kennel Lane	9,856	3,870	39.27%	-14,923	
College Hall PRU	4,473	24	0.54%	-7,427	
Total	£257,383	508,723	197.65%	-250,965	£9,954

Primary average £8,976 £17,576
Secondary average £24,171 £56,959

TO: SCHOOLS FORUM
DATE: 16 JULY 2020

**2019-20 FUNDING ALLOCATIONS TO MAINSTREAM SCHOOLS FROM
BUDGETS CENTRALLY MANAGED BY THE COUNCIL
Executive Director - People**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present information on the in-year allocation of funds to mainstream schools through School Specific Contingencies and other budgets that are funded from the Dedicated Schools Grant (DSG) and in the first instance centrally managed by the council. It also presents the opportunity to amend existing funding policies. These funds relate only to mainstream schools.

2 EXECUTIVE SUMMARY

- 2.1 The funds used to provide targeted support to schools meeting qualifying criteria allocated £0.961m in 2019-20 an overall under spend of £0.254m. This helps to fund unpredictable and sometimes significant additional costs that only a small number of schools face and which the simplified funding formula lacks the required sensitivities.
- 2.2 The associated policies that provide consistency and transparency of operation are considered appropriate and fit for purpose with no changes being proposed.

3 RECOMMENDATIONS

The Forum:

- 3.1 **NOTES** the following funding allocations to schools, made in accordance with approved policies;
1. **£0.067m for significant in-year increases in pupils (paragraph 6.9);**
 2. **£0.101m for schools required to meet the Key Stage 1 Class Size regulations (paragraph 6.13);**
 3. **£0.565m for new and expanding schools (paragraph 6.16);**
 4. **£0.030m for schools with a disproportionate number of SEN pupils (paragraph 6.22);**
 5. **£0.198m for schools in financial difficulty (paragraph 6.28);**
 6. **No allocations were made from the general schools contingency (paragraph 6.30Error! Reference source not found.).**
- 3.2 **AGREES** that no changes are made to the current funding policies (paragraph 6.32).

4 REASONS FOR RECOMMENDATIONS

- 4.1 To ensure that the Schools Forum supports how centrally managed funds have been allocated to mainstream schools and is aware of the total amount and schools involved.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 These were considered as part of the budget setting process, including not setting aside contingency funds.

6 SUPPORTING INFORMATION

Background

- 6.1 Members of the Forum will be aware that the funding framework for mainstream schools is regulated by the DfE and that this governs the conditions attached to how funds can be allocated to schools. It also sets out the circumstances in which funds can be centrally managed by LAs and how in-year allocations can be determined.

- 6.2 As part of the budget setting process, the Forum agreed that the following six budgets should initially be managed by the LA, for in-year allocation to schools:

1. The Growth Fund: Comprising:
 - a. significant in-year increases in pupil numbers;
 - b. schools required to meet the Key Stage 1 Class Size regulations;
 - c. new and expanding schools.
2. SEN specific contingency;
3. General Schools Contingency: Comprising:
 - a. Schools in financial difficulty;
 - b. General Schools Contingency.

- 6.3 In accordance with the funding framework, items 1 and 2 above are held as centrally managed budgets, available to support both maintained and academy schools.

Item 3 is a de-delegated budget and supports maintained mainstream schools only. De-delegated funding is initially included in individual school budget allocations, but returned from maintained schools for central management, following agreement of the Schools Forum.

Maintained schools that meet the agreed qualifying criteria then receive in-year funding allocations, whereas academy schools retain their relevant share of the funds to manage locally.

- 6.4 This annual report is presented to confirm individual funding allocations and to provide an opportunity to review the relevant funding policies.

1. Growth Fund allocations - £977,960 total budget (applies equally to maintained mainstream schools and academies that meet qualifying criteria).

a. Significant in-year increases in pupil numbers - £342,500 budget

- 6.5 To provide in-year financial support to schools experiencing significant increases in statutory aged pupil numbers, LAs are permitted to retain funding in a Growth Fund for allocation once qualifying criteria is met. This reflects the requirement of the DfE to calculate school budgets on actual pupil numbers prior to the start of the financial year which means there is no recognition of in-year increases which in some cases will have a significant impact on costs.
- 6.6 To provide additional resources to schools facing in-year increases, the Schools Forum has agreed that funding allocations should be made where there is a significant increase in pupils between the census point used for funding school budgets and the actual intake at the start of the next academic year. The relevant thresholds and funding rates are:
- less than 2 FE schools = increase of 10 pupils, at half the core funding rate
 - 2 FE schools = increase of 20 pupils, at the core funding rate
 - 3 FE and above schools = increase of 25, at the core funding rate
- 6.7 Admitting additional pupils at these levels is considered the point at which relevant schools would most likely experience significant cost increases. The general expectation is that schools can absorb additional pupils up to these numbers without having to incur any significant cost increases.
- 6.8 The core funding allocation is based on the cost of employing a Teacher at Main Scale Point 6 for the autumn and spring terms only. This is a short term funding measure as on-going funding beyond this point would be included in the next year's budget as relevant pupils would be on the October census used for funding purposes and are therefore taken into account in the next year's budget calculation. Annex 1 sets out the full policy which is proposed to remain unchanged.
- 6.9 Based on actual changes in pupil numbers, Brakenhale academy was the only school to qualify for an allowance from September 2019 in the value of £29,100. This compares to 11 expected in the budget which was set on the average number of payments made in the last 3 years and reflects more stable pupil numbers than in the recent past.
- 6.10 Furthermore, as academy schools receive academic year budgets the Education and Skills Funding Agency (ESFA) provides additional funding for the spring term. This is because the extra pupils are not reflected in their budget until September, rather than April for maintained schools. The council received an additional £37,800 from the ESFA through this route for funding due in the period April – August 2020; £19,800 for both Jennetts Park Primary and Brakenhale Secondary, which was passed on to the relevant schools. Total allocations therefore amounted to £66,900 with a resultant under spending of £275,600. Annex 2 sets out individual school calculations and other relevant data.

b. Schools required to meet the Key Stage 1 Class Size regulations - £60,000 budget

- 6.11 In a similar way to that in which funds can be retained for allocation in year to schools experiencing significant increases in pupil numbers, LAs are also permitted to create a contingency to allocate funds to support schools facing additional costs to ensure Key

Stage 1 class size regulations to limit classes to no more than 30 pupils per teacher are not breached. Again, this allows the targeting of funds to schools facing real cost pressures that the Funding Formula is not permitted to deal with.

- 6.12 The Forum has agreed that where the aggregate number of Key Stage 1 pupils does not equate to a multiple of 30, additional resources will be added at the amount required to cover the cost of appointing a Teacher on Main Scale Point 6 for the relevant period, after taking account of the funding delivered through the Funding Formula. Top up funding is provided on a “missing pupil” basis and is calculated at the amount required to meet teacher costs only. Based on the current values in the Funding Formula, 15 pupils deliver sufficient resources to employ a teacher. Therefore, the maximum top-up funding a school can receive is for 15 ‘missing’ pupils.
- 6.13 Based on actual changes in pupil numbers for the 2019 summer and autumn terms, and the spring term 2020, 7 schools are entitled to additional funding, which aggregates to £101,665 resulting in an over spending of £41,665. Annex 4 sets out individual school allocations and other relevant data.
- 6.14 To avoid double funding, if the same pupils result in schools receiving funding through the *significant in-year increase in pupil numbers* category then any Key Stage 1 specific funding is disallowed. The relevant qualifying criteria are set out in Annex 3 which is proposed to remain unchanged.
- 6.15 As part of the DfE response to coronavirus pandemic, to reduce burdens on schools, the May 2020 pupil and other data census was cancelled. Ordinarily, data from this census is used to fund schools for summer term allocations. As there is a close correlation between numbers on the January and May census returns - over the last 3 years no change in over 30% schools, change of no more than 2 NOR in over 75% - the January 2020 numbers will be ordinarily be used as a proxy for May 2020 numbers, with schools given the option to provide their own numbers if they preferred.

c. New and expanding schools - £575,190 budget.

- 6.16 With the new Kings Group (KGA) Academy Binfield open to secondary aged pupils from September 2018 and primary aged pupils from September 2019 and KGA Oakwood Primary also open from September 2019, allocations are due from the funding policy for Start-up and diseconomy funding for new and expanding schools, which was reviewed and agreed as part of the 2019-20 budget setting process.
- 6.17 In respect of diseconomy funding – intended to support general running costs when schools have significantly fewer pupils than their capacity - the 2 schools qualified for total funding of £473,884.
- 6.18 For post-opening costs – intended to provide a lump sum amount to equip each new class that is to open with day to day resources – the KGA schools received £22,500 with a backdated payment of £52,500 for Warfield Woodhurst which had yet to receiving funding to equip new classes that had been opened. KGA Oakwood also received £16,300 for pre-opening costs for the period April to August associated with making sure the school could admit pupils.

Total payments for new and expanding schools therefore overspent by £10,000.

- 6.19 As the 2020-21 policy for start-up and diseconomy funding for new and expanding schools was agreed in December 2019, no further changes are proposed at this time.

2. SEN specific contingency - £40,000 budget (applies equally to maintained mainstream schools and academies that meet qualifying criteria. This is the only budget in this report that is funded from the High Needs Block).

6.20 The DfE encourages LAs to allocate additional resources to schools that admit a disproportionate number of pupils with SEN with a clear expectation that this will affect only a minority of schools. The rationale of the contingency is that the normal operation of the simplified Funding Formula does not adequately resource schools for all costs when there is a large concentration of high needs pupils and inclusion of pupils into mainstream schools rather than specialist providers should be encouraged.

6.21 There is no prescribed methodology on how such a fund should work and the scheme agreed by the Forum following consultation schools requires schools to meet both of the following criteria:

1. Where the proportion of pupils on roll classified as high need exceeds 4% of total pupil numbers in a primary school and 2% in a secondary school, and
2. Where the proportion that top up funding paid to support High Needs pupils compared to the total budget allocated via the BF Funding Formula exceeds 2% in a primary school and 1% in a secondary school.

No changes to the policy text are being proposed by the council.

6.22 This resulted in one secondary school receiving an additional funding allocation in the sum of £30,800, resulting in an underspending of £9,200. Annex 5 sets out the calculation of individual school data and eligibility to funding.

3. Schools Contingency: (this is a de-delegated budget and applies only to maintained schools when eligibility criteria met)

a. Schools in Financial Difficulty - £189,100 budget

6.23 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 relevant Director and Director responsible for 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.
3. was a 1 form of entry school judged good or better that has more than 5% empty places

6.24 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.

6.25 In order to allow funds to be allocated within an appropriate time scale, the Forum has agreed to delegate a set of powers to the Director responsible for schools 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.

6.26 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)
4. 1 form of entry schools judged good or better that have more than 5% empty places (up to £20k per year per school and £40k in total)

6.27 Allocations will only be agreed where the relevant school has demonstrated insufficient funds exist within the budget to fund the required actions or activities. The full policy text is set out in Annex 6 which is proposed to remain unchanged.

6.28 Funding allocations for the year amounted to £197,570 which represented an overspending of £8,470. Further details of the allocations are shown in Annex 7.

b. General Schools Contingency - £8,470 budget

6.29 Where a primary school faces exceptional, unexpected costs in-year that were not known when the budget was set and it would be unreasonable to expect the school to meet the costs, bids for additional funding can be sought. The Forum has previously agreed that claims are considered on a case by case basis by the Heads of Service covering Finance, Human Resources and Property before formal consideration by the Forum.

6.30 No claims were made by primary schools in 2019-20, resulting in a full underspend against the £8,470 budget.

6.31 The full criteria for making allocations from the General School Contingency is set out at Annex 8 which is proposed to remain unchanged.

Qualifying criteria used to make funding allocations

6.32 To ensure that a consistent and transparent approach is adopted to the allocation of contingency funding to schools, the Forum has agreed a set of eligibility criteria to be applied, and these are attached as annexes to the report. Relevant policies are included in annexes 1, 3, 6 and 8 and paragraph 6.21. The Forum is recommended to agree that no changes are made to the existing policies.

Conclusion

6.33 The funds approved by the Forum to be held by the LA allow for appropriate in-year targeting of resources that is not possible through the simplified Funding Formula for Schools. Current arrangements are considered appropriate and ensure that financial support is provided when needed and that clear and consistent criteria is applied in the allocation of resources.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

7.1 The relevant legal issues are addressed 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. The allocations meet the requirements of the appropriate funding regulations, the agreed policies and have been taken into account in the financial monitoring arrangements for the Schools Budget.

Equalities Impact Assessment

7.3 None identified.

Strategic Risk Management Issues

7.4 None identified.

8 CONSULTATION

8.1 None.

Background Papers

None

Contact for further information

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Doc. Ref

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

This element of the Growth Fund is ring fenced so that it is only used for the purpose of supporting growth in pre-16 pupil numbers to meet basic need¹. The fund will be for the benefit of both maintained and Academy schools. For Academy Schools, the funding is for an academic year.

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

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

The relevant thresholds for additional funding are:

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

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

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

To calculate whether a school is eligible, the following checks will be carried out:

- For the year of entry, the calculation of additional pupils will be capped at the lower of the actual number admitted or the Published Admission Number (PAN), other than where the need to exceed PAN is agreed in advance with the LA.
- Pupil admissions from parental appeals, LAC pupils and pupils with an EHCP are included in the number on roll when checking that a school has not exceeded its PAN in year of entry; these admissions are generally known by May preceding the start of the academic year.
- Schools can request that the Assistant Director: Education and Learning of Education considers additional funding in exceptional circumstances. These will be considered on an individual case basis.
- An appeal to a decision of the Assistant Director: Education and Learning can be made to the Executive Director: People, whose decision will be final.

¹ The DfE define basic need as the statutory duty on local authorities to make sure there are enough school places for children in their local area. This requirement does not extend to individual planning or school designated areas within an authority.

For schools that qualify for this factor the calculation is unchanged from the current methodology that compares the total NOR for statutory aged pupils on roll for the October census in the current financial year with that of the October Census number on roll in the previous financial year.

Where a school does admit pupils above PAN without agreement of the LA, the calculation for a significant growth in pupil numbers will exclude pupils in the year of entry.

There are 2 exceptions to the general policy.

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

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

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

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

Approved by the Schools Forum on 21 November 2019

No changes are being proposed by the council.

2019-20 Funding allocations to schools experiencing significant in-year growth in pupil numbers

Threshold 10 for schools with less than 2 Forms of entry							
Threshold 20 for schools with 2 Forms of entry							
Threshold 25 for schools with 3 and more Forms of entry							
School	No.of Forms of entry - rounded	Total places available	NOR Oct 2018	NOR Oct 2019	Change in NOR	Revised threshold	Amount
Ascot Heath Primary	2	420	387	367	-20	20	£0
Binfield CE Aided Primary	2	420	413	405	-8	20	£0
Birch Hill Primary	2	420	397	399	2	20	£0
College Town Primary (1)	2 to 3	600	496	490	-6	24	£0
Cranbourne Primary	1	210	211	205	-6	10	£0
Crown Wood Primary	3	630	557	526	-31	25	£0
Crowthorne CE Primary	1	210	208	209	1	10	£0
Fox Hill Primary	1	210	209	204	-5	10	£0
Great Hollands Primary (1)	3 to 2	540	380	352	-28	23	£0
Harmans Water Primary	3	630	561	528	-33	25	£0
Holly Spring Primary	3	630	569	581	12	25	£0
Jennetts Park Primary	2	420	403	404	1	20	£0
Kings Academy Primary (2)	1	210	0	29	29	10	£0
Meadow Vale Primary	3	630	606	605	-1	25	£0
New Scotland Hill Primary	1	210	194	189	-5	10	£0
Kings Academy Oakwood(2)	1	210	0	38	38	10	£0
Owlsmoor Primary	3	630	548	530	-18	25	£0
The Pines Primary and Nursery (1)	1 to 2	390	326	336	10	19	£0
Sandy Lane Primary	3	630	488	480	-8	25	£0
St Joseph's Catholic Primary	1	210	210	210	0	10	£0
St Margaret Clitherow Catholic Pry	1	210	208	205	-3	10	£0
St Michael's Easthampstead CE	1	245	241	238	-3	10	£0
St Michael's CE Aided Pry (Sand't)	1	210	189	196	7	10	£0
Uplands Primary	1	210	210	212	2	10	£0
Warfield CE Primary	1	210	394	397	3	20	£0
Whitegrove Primary	2	420	414	414	0	20	£0
Wildmoor Heath	1	210	195	202	7	10	£0
Wildridings Primary	2	420	395	405	10	20	£0
Winkfield St Mary's CE Primary	1	210	199	197	-2	10	£0
Wooden Hill Primary & Nursery	2	350	342	330	-12	10	£0
The Brakenhale	7	1,050	976	1,021	45	25	£29,100
Easthampstead Park	8	1,200	762	778	16	25	£0
Edgbarrow (3)	8	1,200	1,082	1,111	29	25	£0
Garth Hill College	10	1,402	1,402	1,339	-63	25	£0
Kings Academy Secondary (2)	7	1,050		271	271	25	£0
Ranelagh CE	5	750	831	844	13	25	£0
Sandhurst	7	1,050	1,017	1,033	16	25	£0
Total Primary	48	11,155	9,950	9,883	-67	476	£0
Total Secondary	52	7,702	6,070	6,397	327	175	£29,100
Total All Schools	100	14,747	16,020	16,280	260	651	£29,100

(1). schools being expanded/contracting have variable funding thresholds relative to the number of new classes available.

(2) new schools are separately funded for pupil growth.

(3) Growth not basic need does not meet criteria.

Criteria for in-year budget allocations to schools to meet unavoidable costs arising from the Key Stage 1 class size regulations that limit classes to no more than 30 pupils per teacher

The Growth Fund shall include funding for an allocation to those schools that experience unavoidable costs arising from the Key Stage 1 class size regulations that are not resourced through the Funding Formula.

Numbers in reception, Year 1 and Year 2 will be collected termly from the relevant school census to determine the total number of pupils in each school affected by the relevant Regulations. Where the aggregate number of pupils does not equate to a multiple of 30, additional resources will be added at the amount required to cover the cost of appointing a teacher on Main scale Point 6 – salary and employer on-costs - for the relevant period, after taking account of the funding delivered through the Funding Formula. Funding will be added on a “missing pupil” basis.

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

An illustration of the funding calculation is as follows which would need to be updated each year to reflect budget decisions and the cost of employing a teacher (all units of resource are therefore illustrative and subject to change):

- a. The per pupil funding rate is assumed to be £2,780 (A)
- b. The cost of a teacher on Main scale Point 6 – salary and employer on-costs - is £41,700 (B)
- c. To have sufficient income from the Funding Formula to employ a teacher, a school needs $\text{£41,700 (B)} / \text{£2,780 (A)} = 15$ pupils (C)
- d. The Funding Formula therefore provides sufficient funding to appoint a teacher provided there are 15 pupils. The maximum top-up funding a school can receive is for 15 ‘missing’ pupils (C)
- e. Therefore where the actual number on roll exceeds a multiple of 30 compared to the number on roll funded in the original budget the school would be entitled to top-up funding
- f. Funding will be added, pro rata per term, for each missing pupil
The attached Annex sets out funding top-up rates, based on the cost of employing a teacher at £41,700 and the BF Funding Formula delivers sufficient funding to appoint a teacher provided there are 15 pupils. These factors and amounts are subject to annual re-calculation.

Children admitted **in-year** as an “excepted pupil” in accordance with The School Admissions (Infant Class Sizes) (England) Regulations 2012, or other relevant legislative requirement will not be included in the calculation for top up funding as they will not impact on the need to recruit a teacher. The exclusion will apply for the full period the child is on roll at the school to the end of Key Stage 1.

“Excepted pupils” currently include those that are admitted to the school outside a normal admission round:

- as a result of the local authority specifying the school in the child’s statement;
- are looked after;
- were in error initially refused admission;

- are from a service family.

“Excepted pupils” on the roll of a school at the October census will generate per pupil funding for a school in the next budget. These funds will be taken into account in any top up funding calculations.

Separate calculations will be made each term, based on data obtained from the relevant census.

Exceptions:

There are two exceptions to the general rule set out above:

1. In order to avoid double funding, a school will not be eligible for Key Stage 1 class size funding in the autumn and spring terms where the school has qualified of an in-year growth allowance for these pupils.
2. When a school is funded on the basis of estimated actual costs, which is ordinarily a new school or one that opens additional forms of entry during a financial year, it will not be entitled to any top up funding from the Key Stage 1 class size contingency, provided funds for the additional costs that will arise are allocated from an alternative source.

Approved by the Schools Forum on 20 June 2019.

No changes are being proposed by the council.

**2019-20 Funding allocations to support schools needing to meet the
Key Stage 1 Class Size Funding regulations**

School	Total KS1 pupils funded October 2018 Census	K.S 1 Allocation summer term 2019	K.S 1 Allocation autumn term 2019	K.S 1 Allocation spring term 2020	Total
Ascot Heath Infant	162	£0	£0	£0	£0
Binfield CE Primary	174	£0	£0	£0	£0
Birch Hill Primary	171	£0	£0	£0	£0
College Town Primary	224	£3,389	£4,518	£3,389	£11,296
Cranbourne Primary	90	£0	£0	£0	£0
Crown Wood Primary	241	£0	£0	£0	£0
Crowthorne CE Primary	89	£0	£0	£0	£0
Fox Hill Primary	90	£0	£0	£0	£0
Great Hollands Primary	162	£5,648	£0	£0	£5,648
Harmans Water Primary	217	£11,296	£0	£0	£11,296
Holly Spring Infant & Nursery	251	£6,778	£7,229	£5,422	£19,429
Jennetts Park CE Primary	178	£0	£0	£0	£0
Meadow Vale Primary	257	£0	£0	£0	£0
New Scotland Hill Primary	81	£0	£0	£0	£0
Owlsmoor Primary	226	£0	£0	£0	£0
Pines (The)	156	£0	£11,748	£8,811	£20,559
Sandy Lane Primary	171	£0	£0	£0	£0
St. Joseph's Catholic Primary	90	£0	£0	£0	£0
St. Margaret Clitherow Catholic Primary	90	£0	£0	£0	£0
St. Michael's CE Primary, Easthampstead	105	£0	£0	£0	£0
St. Michael's Sandhurst	71	£6,778	£7,229	£5,422	£19,429
Uplands Primary	90	£0	£0	£0	£0
Warfield CE Primary	179	£0	£0	£0	£0
Whitegrove Primary	179	£0	£0	£0	£0
Wildmoor Heath	73	£4,518	£5,422	£4,067	£14,007
Wildridings Primary School	167	£0	£0	£0	£0
Winkfield St. Mary's CE Primary	89	£0	£0	£0	£0
Wooden Hill Primary & Nursery	145	£0	£0	£0	£0
Wooden Hill Primary & Nursery	4,218	£38,407	£36,147	£27,111	£101,665

2019-20 termly allocation detail for Key Stage 1 Class Size Funding

Ref	School	Data used for original budget			Summer Term data					Autumn Term data					Spring budget data					Ref
		KS1 pupils as at October 2018	Number of classes that can be funded	Number of pupils above multiple of 30	KS1 pupils as at May 2019	Number of classes needed	Additional classes needed	Number of 'missing pupils' needed to fund extra class	KS1 Allocation summer term	KS1 pupils as at October 2019	Number of classes needed	Additional classes needed	Number of 'missing pupils' needed to fund extra class	KS1 Allocation autumn term	KS1 pupils as at January 2020	Number of classes needed	Additional classes needed	Number of 'missing pupils' needed to fund extra class	KS1 Allocation spring term	
1	Ascot Heath Infant	162	5	12	159	6	1	0	£0	148	5	0	0	£0	151	6	1	0	£0	1
2	Binfield CE Primary	174	6	24	176	6	0	0	£0	166	6	0	0	£0	168	6	0	0	£0	2
3	Birch Hill Primary	171	6	21	173	6	0	0	£0	175	6	0	0	£0	176	6	0	0	£0	3
4	College Town Primary	224	7	14	228	8	1	3	£3,389	214	8	1	5	£4,518	212	8	1	5	£3,389	4
5	Cranbourne Primary	90	3	0	90	3	0	0	£0	88	3	0	0	£0	89	3	0	0	£0	5
6	Crown Wood Primary	241	8	1	238	8	0	0	£0	228	8	0	0	£0	225	8	0	0	£0	6
7	Crowthorne CE Primary	89	3	29	89	3	0	0	£0	90	3	0	0	£0	90	3	0	0	£0	7
8	Fox Hill Primary	90	3	0	90	3	0	0	£0	88	3	0	0	£0	88	3	0	0	£0	8
9	Great Hollands Primary	162	5	12	157	6	1	5	£5,648	138	5	0	0	£0	135	5	0	0	£0	9
10	Harmans Water Primary	217	7	7	216	8	1	10	£11,296	192	7	0	0	£0	192	7	0	0	£0	10
11	Holly Spring Infant & Nursery	251	8	11	244	9	1	6	£6,778	245	9	1	8	£7,229	250	9	1	8	£5,422	11
12	Jennetts Park CE Primary	178	6	28	178	6	0	0	£0	176	6	0	0	£0	176	6	0	0	£0	12
13	Meadow Vale Primary	257	9	17	261	9	0	0	£0	255	9	0	0	£0	258	9	0	0	£0	13
14	New Scotland Hill Primary	81	3	21	85	3	0	0	£0	72	3	0	0	£0	70	3	0	0	£0	14
15	Owlsmoor Primary	226	8	16	227	8	0	0	£0	213	8	0	0	£0	214	8	0	0	£0	15
16	Pines (The)	156	5	6	150	5	0	0	£0	159	6	1	13	£11,748	154	6	1	13	£8,811	16
17	Sandy Lane Primary	171	6	21	171	6	0	0	£0	175	6	0	0	£0	171	6	0	0	£0	17
18	St. Joseph's Catholic Primary	90	3	0	90	3	0	0	£0	90	3	0	0	£0	90	3	0	0	£0	18
19	St. Margaret Clitherow Catholic Pry	90	3	0	89	3	0	0	£0	90	3	0	0	£0	89	3	0	0	£0	19
20	St. Michael's E'stead CE Aided Pry	105	4	15	103	4	0	0	£0	102	4	0	0	£0	102	4	0	0	£0	20
21	St. Michael's CE Primary, Sandhurst	71	2	11	71	3	1	6	£6,778	73	3	1	8	£7,229	73	3	1	8	£5,422	21
22	Uplands Primary	90	3	0	90	3	0	0	£0	90	3	0	0	£0	90	3	0	0	£0	22
23	Warfield CE Primary	179	6	29	178	6	0	0	£0	176	6	0	0	£0	176	6	0	0	£0	23
24	Whitegrove Primary	179	6	29	180	6	0	0	£0	179	6	0	0	£0	179	6	0	0	£0	24
25	Wildmoor Heath	73	2	13	74	3	1	4	£4,518	71	3	1	6	£5,422	72	3	1	6	£4,067	25
26	Wildridings Primary School	167	6	17	172	6	0	0	£0	174	6	0	0	£0	173	6	0	0	£0	26
27	Winkfield St. Mary's CE Primary	89	3	29	86	3	0	0	£0	86	3	0	0	£0	83	3	0	0	£0	27
28	Wooden Hill Primary & Nursery	145	5	25	144	5	0	0	£0	138	5	0	0	£0	140	5	0	0	£0	28
TOTAL Primary		4,218	141	408	4,209	148	7	34	£38,407	4,091	146	5	40	£36,147	4,086	147	6	40	£27,111	

2019-20 allocations from the SEN Specific Contingency

SCHOOL	No. top-up pupils by school 1 Jan 2019	NOR As at Oct 18	Top-up pupils % (1)	Value of top-up for full year	Budget 19-20 excl de-delegation	Top-up as % of school budget (2)	Qualify under both criteria?	2018-19 funding on proposed criteria	Note
Ascot Heath Infant School	2.0	162	1.24%	£9,692	£644,300	1.50%	No	£0	(1) relevant thresholds: - Primary 2%
Ascot Heath Church of England Junior School	0.0	225	0.00%	£0	£830,191	0.00%	No	£0	
Binfield Church of England Primary School	5.0	413	1.22%	£36,433	£1,422,529	2.56%	No	£0	
Birch Hill Primary School	4.0	397	1.01%	£20,156	£1,409,818	1.43%	No	£0	(2) relevant thresholds: - Primary 4%
College Town Primary School	4.0	496	0.81%	£17,930	£1,790,118	1.00%	No	£0	
Cranbourne Primary	1.0	211	0.48%	£5,815	£789,888	0.74%	No	£0	- Secondary 2%
Crown Wood Primary School	10.0	557	1.80%	£47,907	£1,954,280	2.45%	No	£0	
Crowthorne Church of England Primary School	5.0	208	2.41%	£18,963	£788,073	2.41%	No	£0	
Fox Hill Primary School	0.0	209	0.00%	£0	£863,408	0.00%	No	£0	
Great Hollands Primary School	9.0	380	2.37%	£57,657	£1,483,675	3.89%	No	£0	
Harmans Water Primary School	3.0	561	0.54%	£16,378	£1,976,902	0.83%	No	£0	
Holly Spring Infant and Nursery School	2.0	251	0.80%	£8,238	£949,208	0.87%	No	£0	
Holly Spring Junior School	5.0	318	1.58%	£21,160	£1,199,679	1.76%	No	£0	
Jennett's Park CE Primary School	7.0	403	1.74%	£36,925	£1,478,277	2.50%	No	£0	
Meadow Vale Primary School	4.0	608	0.66%	£6,218	£2,129,246	0.29%	No	£0	
New Scotland Hill Primary School	2.7	194	1.40%	£17,251	£754,727	2.29%	No	£0	
Owlsmoor Primary School	7.0	548	1.28%	£29,526	£1,938,437	1.52%	No	£0	
The Pines School	2.0	326	0.62%	£11,242	£1,212,552	0.93%	No	£0	
Sandy Lane Primary School	5.0	488	1.03%	£21,321	£1,726,604	1.23%	No	£0	
St Joseph's Catholic Primary School, Bracknell	2.0	210	0.96%	£33,323	£793,363	4.20%	No	£0	
St Margaret Clitherow Catholic Primary School	3.0	208	1.45%	£23,505	£823,271	2.86%	No	£0	
St Michael's Easthampstead CE Aided Primary School	1.0	241	0.42%	£6,978	£903,059	0.77%	No	£0	
St Michael's Sandhurst Aided Primary School	5.0	189	2.65%	£20,610	£705,312	2.92%	No	£0	
Uplands Primary School	4.0	210	1.91%	£22,872	£777,413	2.94%	No	£0	
Warfield Church of England Primary School	4.0	394	1.02%	£26,599	£1,543,202	1.72%	No	£0	
Whitegrove Primary School	4.0	414	0.97%	£21,126	£1,459,577	1.45%	No	£0	
Wildmoor Heath	1.0	195	0.52%	£1,550	£761,171	0.20%	No	£0	
Wildridings Primary School	4.0	395	1.02%	£18,606	£1,466,542	1.27%	No	£0	
Winkfield St Mary's CE Primary	2.0	199	1.01%	£6,623	£761,058	0.87%	No	£0	
Wooden Hill Primary and Nursery School	3.0	342	0.88%	£22,737	£1,258,068	1.81%	No	£0	
The Brakenhale School	16.0	977	1.64%	£50,387	£5,082,790	0.99%	No	£0	
Easthampstead	12.0	762	1.58%	£36,629	£4,249,902	0.86%	No	£0	
Edgbarrow School	28.0	1,082	2.59%	£145,700	£5,227,390	2.79%	Yes	£30,800	
Garth Hill College	25.0	1,403	1.79%	£101,928	£7,031,344	1.45%	No	£0	
Kings Academy Binfield	5.0	120	4.17%	£15,957	£1,631,926	0.98%	No	£0	
Ranelagh Church of England School	14.0	831	1.69%	£38,272	£4,009,710	0.95%	No	£0	
Sandhurst School	9.0	1,017	0.89%	£29,709	£5,001,915	0.59%	No	£0	
Primary total	111	9,952		£587,341	£36,593,945	1.61%	0	£0	
Secondary total	109	6,192		£418,582	£32,234,977	1.30%	2	£30,800	
Total ALL	220	16,144		£1,005,923	£68,828,923	1.46%	2	£30,800	

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 Council's Director responsible for schools and the Council's Director responsible for finance, they:

1. were unable to set a balanced budget and were in need of a licensed deficit 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.
3. Were a 1 form of entry school judged good or better that have more than 5% empty places

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 responsible for schools.

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 responsible for schools

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 Council's Director responsible for schools 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)
4. 1 form of entry schools judged good or better that have more than 5% empty places (up to £20k per year per school and £40k in total)

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 responsible for schools. Funds would be allocated to the school from those held for schools in financial difficulty.

Approved by the Schools Forum on 20 June 2019.

No changes are being proposed by the council.

2019-20 funding allocations to schools in financial difficulties

Allocations agreed under the Director's delegated powers

Taking account of proposals from the Standards Monitoring Board (SMB) meetings at relevant schools and 1 FE primary schools with over 5% empty places, funding allocations totalling £0.138m were agreed during the year as follows:

1. £14,560 to New Scotland Hill to support learning and teaching coaching, including specialist mathematics, English and SENCO and related resources.
2. £5,910 to the Pines Primary to fund supply cover to enable additional support to teaching and leadership of writing, the professional development of the Deputy Headteacher, teaching and monitoring of phonics and the leadership of mathematics.
3. £6,750 to Sandy Lane for headteacher training to complete a Professional Certificate in Coaching that can then be used to undertake coaching more regularly within the school impacting on more staff.
4. £13,000 to Wildridings Primary to support learning, in particular literacy through teacher attendance at the Whiteknights English Hub that requires supply teacher cover and the purchase of appropriate resources.
5. £43,566 to Harmanswater. To temporarily support the school through a staffing restructure and in particular the reduction of senior leadership capacity that would now be managed to a later timescale than originally envisaged.
6. £11,525 to Easthampstead Park. Request for financial support to invest in a Year 11 programme with the aim of improving the student's outturns within subjects where the number of student entries is considerable. The support package would target a significant number of the 151 student's in Year 11 dependant on their curricular choices and is a key focus in the school improvement plan. It will provide students with additional opportunities for passing examinations at a Level 4 or above.
7. £2,874 to St Michael's Sandhurst to improve the overall quality of teaching and to ensure that all pupils have access to the most appropriate resources to support their learning, a number of laptops will be replaced.
8. £2,769 to Winkfield St Marys for as a 1 FE with low pupil numbers. There were 199 on roll at October 2019 which results in 5% of empty places.
9. £16,616 to New Scotland Hill Primary School as a 1 FE with low pupil numbers. There were 194 on roll at October 2019 which results in 8% of empty places.
10. £20,000 to St Michael's Sandhurst Primary as a 1 FE with low pupil numbers. There were 189 on roll at October 2019 which results in 10% of empty places. Funding would have been £30,463 without the policy funding cap.

Declaration of Concern (DoC) is called where a school is at risk of being judged as Requiring Improvement or inadequate at its next inspection. Following this a SMB is established to track progress every 6 weeks. The SMB reviews evidence provided by school leaders and LA staff after 12 weeks and a decision made as to whether leadership are taking effective action following the DoC. The processes are clearly shared within the Learning and Improvement Strategy / Annex A School Improvement.

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 to support the SMBs and other additional arrangements provided directly by the council.

Eligible expenditure against the schools contingency

Background

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

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

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

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

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

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

As agreed at 21 June 2018 Schools Forum

No changes are being proposed by the council.

TO: SCHOOLS FORUM
DATE: 16 JULY 2020

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 or amended applications for licensed deficit arrangements.
- 1.2 Updates are also provided on the current position in respect of previously agreed financial support arrangements as well as the funding allocations made to date 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 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 The on-going challenging financial environment together with needing to respond to the Covid Pandemic has resulted in more challenging circumstances for schools, and whilst no new deficit applications have been requested, a number of revisions to existing agreements are being proposed.
- 2.3 Despite significant assistance from the council, the medium term recovery plans being developed with relevant schools forecast £0.690m of aggregate deficit balances where a repayment date has yet to be proposed.. All of these schools also face challenges around standards and effectiveness, and more time is required to reach a solution that meets both of these needs.
- 2.4 Despite this, there is an overall reduction of £0.198m in the expected aggregate deficit balance at the end of 2020-21 compared to what was expected at this point last year.

3 RECOMMENDATIONS

That the Schools Forum AGREES:

- 3.1 **That subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme:**

That the following existing licensed deficits be amended as follows:

1. **Sandhurst Secondary School's licensed deficit agreement be amended to a maximum deficit of £0.260m, for full repayment by 31 March 2023 (paragraph 6.16).**
2. **Harmans Water Primary Schools receives a licensed deficit of up to £0.115m for full repayment by 31 March 2023 (paragraph 6.17)6.16.**

3.2 That the council continues to work on repayment schedules with the following schools, and that subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme, that maximum deficits are as follows:

- i. Ascot Heath Primary School receives a licensed deficit of up to £0.220m.**
- ii. The Pines Primary School receives a licensed deficit of up to £0.150m.**
- iii. Winkfield St Mary's receives a licensed deficit of up to £0.020m**
- iv. Easthampstead Park receives a licensed deficit of up to £0.300m.**

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 A range of options are set out in the supporting information.

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. Governing bodies are required to agree to fully repay any amounts, including where relevant, any associated interest, before such arrangements are agreed. More information on terms and conditions of financial support are set out below.

6.3 Neither of these options are available to academy schools.

6.4 Additional funding that is not required to be repaid

Background and summary

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

allocate this funding is if, in the opinion of the Director responsible for schools and the Director responsible for Finance, a school:

1. was unable to set a balanced budget and were in need of a licensed deficit arrangement at the start of the relevant financial year, and/or
2. was in or likely to fall into one of the Ofsted categories of causing concern, including serious weaknesses or special measures.
3. was a 1 form of entry school judged good or better that have more than 5% empty places

6.6 Due to the requirement to focus on responding to the challenge of the Covid pandemic, at this point in time no additional financial allocations have been agreed that schools do not need to repay.

Licensed Deficit and Loan Arrangements

Background and summary

6.7 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 requests.

6.8 In accordance with government requirements, the loan scheme is only available to support schools in the purchase of a capital asset, with a new licensed deficit arrangement option used to support schools with a shortfall in general income compared to required spend.

6.9 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 and financed from with the overall Schools Budget.

6.10 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 A sets out the full details of the licensed deficit scheme.

6.11 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.

- 6.12 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.
- 6.13 The Covid pandemic has created additional financial pressures on many schools, as well as the considerable responsibilities and additional workloads required to maintain pupil education in a safe environment. Together with the impact on the Council, this has impacted on the progress made with some schools on balancing budgets.

Update on existing licensed deficits

- 6.14 The Schools Forum has previously agreed licensed deficit arrangements to manage a shortfall in general income compared to required spend. The current status of each agreement, together with any recommended changes, are set out below.

Current arrangements where a change is now proposed

Sandhurst Secondary School

- 6.15 The Forum agreed a £0.510m deficit for Sandhurst Secondary School in 2018-19, reducing to £0.385 in 2019-20, £0.175m in 2020-21, before generating a surplus in 2021-22. Taking account of updated school performance targets, the Forum agreed a revision to the deficit agreement with a maximum over spending of £0.440m in 2019-20, reducing to £0.220m in 2020-21, then £0.060m in 2021-22 before generating a surplus in 2022-23.
- 6.16 The council has maintained monthly budget monitoring review meetings with the Head Teacher, Business Manager and senior governors and whilst good progress has been made on managing and planning the budget, a further revision is considered appropriate. The current proposal is for a maximum deficit of £0.260m for 2020-21, reducing to £0.080m for 2021-22 before returning to a surplus in 2022-23. The Forum is requested to agree this revision.

Harmanswater Primary School

- 6.17 For a number of years, the school benefitted from a significant surplus balance which was accumulated when the school was experiencing full 3 Forum of Entry (FE) admissions but is now adapting to being much closer to a 2 FE admission. With relatively large 3 FE group sizes now starting to leave the school and being replaced with closer to 2 FE numbers, at this stage last year a medium-term deficit of £0.190m was being predicted, with a full repayment plan yet to be developed. Significant progress has been made on a budget plan with a full recovery plan now in place. This proposes a maximum deficit of £0.115m for 2020-21, £0.090m for 2021-22, £0.040m for 2022-23, before returning to a surplus in 2023-24. There are a number of elements to the recovery plan, some of which are complex and will therefore need to be kept under review. The Forum is requested to agree this revision.
- Schools in financial difficulty where a repayment plan has yet to be developed

- 6.18 Forum members will recall that last year was the first time that despite substantial work and assistance from the council, including the making of staffing and other reductions, for some schools, it was not possible to formulate a plan that could demonstrate a return to a surplus.
- 6.19 Whilst these schools have made progress in their financial planning, the key period to formulate budget plans coincided with the Covid pandemic which has clearly needed to take the highest priority. Furthermore, 2 other schools with existing deficit arrangements have needed to revise their budgets and have yet to complete balanced medium-term plans. A high-level summary of the current position for each is as follows:
1. Ascot Heath Primary school: Has experienced a reduction in pupil numbers of 71 between the 2018-19 and 2020-21 budgets. This equates to an annual loss in per pupil funding of around £0.266m which has contributed to the accumulated year-end deficit of £0.220m. Whilst work has been undertaken to develop a medium term budget, this has coincided with an amalgamation and is not yet at the stage where an update can be presented. Therefore, no change to the existing £0.220m maximum deficit is proposed.
 2. The Pines Primary school: Has recently been expanded back to a 2 FE, and whilst numbers are increasing, it is at a slow rate and during the transition results in complicated and costly classroom organisation. The year-end deficit at 31 March 2020 was forecast at £0.213m, but was managed down to £0.167m. A further reduction to £0.150m is planned for 2020-21, and whilst a number of potential budget options have been developed, further work is required on future year budgets.
 3. Winfield St Marys. Winkfield St Mary's Primary School was granted a licensed deficit of £0.030m to be fully repaid by 31 March 2021. This would allow the school to put in place a cost reduction plan in a measured way to recover the £0.025m overspending recorded at the end of 2017-18. Good progress was made on the initial repayments, however, the final £0.010m repayment schedule due for 2020-21 is not now considered affordable as some anticipated income has not materialised and costs have increased at a higher rate to income as pupil numbers have reduced. A deficit of £0.020m is now expected.
 4. Easthampstead Park Secondary received a £0.450m loan in 2016 which was expected to be repaid by an increase in pupil numbers which has in fact occurred at a lower rate than originally expected and has yet to reach the forecast level. Repayments of £0.090m had been made to March 2019 at which point the loan was converted to a licenced deficit. During 2019-20 the school received unbudgeted one-off income of £0.159m and effected other cost reductions and efficiencies of £0.140m to reduce the deficit to £0.060m. With pupil numbers continuing to remain below those expected, the deficit is forecast to increase to £0.160m by the end of 2020-21 and £0.300m for the following 2 years, before returning to below £0.100m. Whilst the financial position at the school has significantly stabilised, with further work planned to continue the recovery, a fully balanced medium term plan has yet to be developed.
- 6.20 The ability to repay deficits is generally dependent of increases in pupil numbers raising future income at a faster rate than associated cost increases, by reducing costs, or a combination of both. For example, being able to open a new class with 25 pupils would generate around £0.095m of income for a primary school with a teacher costing around £0.045m. A full class of 30 would generate around £0.130m. When pupil numbers are in decline, schools face the opposite situation, with income reducing at a far faster rate than the directly associated costs that can be removed.

6.21 For a number of schools in financial difficulty, pupil numbers are not forecast to increase significantly over the medium term, which is therefore presenting additional challenges and dictating the need to look at longer term solutions than has ordinarily been the case.

Proposed approach to schools that are unable to develop a medium-term financial recovery plan

6.22 At this moment in time, 4 schools are reporting year end deficits, 3 of which are significant, where full recovery plans have yet to be developed, which equates to an aggregate deficit of balance on budgets to be fully recovered of £0.690m. This is a reduction of £0.293m compared to the £0.983m last year.

6.23 The council wants to work closely with schools to develop recovery plans but accepts that achieving high standards is also a priority and is itself directing considerable resources towards school improvement. There is the further challenge of managing schools during the Covid pandemic. It is therefore proposed that the council continues to work with the schools to balance budgets over a longer 3-5 year period.

6.24 In order for the schools concerned to be in a position to work towards the initial budget plans that have been produced, the Forum is recommended to agree maximum amounts of deficit only at this stage, at the amounts detailed above, with an update on likely repayment schedules to be provided by the end of the financial year.

6.25 Successfully managing school budgets is recognised by the DfE as a national issue which has facilitated improvement through the commissioning of School Resource Management Advisers (SRMAs). SRMAs have worked with 3 BF schools to make recommendations on best use of schools' revenue and capital resources to deliver educational outcomes. Relevant schools have incorporated suggestions in their plans as appropriate.

Summary loan / deficit position

6.26 Table 1 below provides a summary of aggregate outstanding deficit arrangements for each school, assuming the proposals in this paper are agreed. Annex B provides a more detailed breakdown of the current and proposed arrangements by school.

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

Item	Previously agreed	2020-21 new requests	2021-22 impact	2022-23 impact	2023-24 years	Repayment date to be determined
Total advances	£1,323,000	£171,000	£180,000	£0	£0	£0
Total repayments	£0	-£569,000	-£245,000	-£130,000	-£40,000	£0
Total outstanding	£1,323,000	-£398,000	£860,000	£730,000	£690,000	£690,000
Total 2020-21	£925,000					
	32.32%					
Maximum borrowing @ 40% balances	£1,145,000					
Change from last year	-£198,000		-£183,000	-£253,000	N/A	-£293,000

Note: previously agreed balance reduced by £0.080m to reflect correction to Harmanswater Primary School request

Academy schools

- 6.27 Whilst new loan / licensed deficit arrangements are not available to academy schools, at the point of conversion, Brakenhale had an outstanding balance on a previously agreed loan.
- 6.28 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 put in place to enable efficient repayment.

Summary

- 6.29 Table 1 above confirms the significant value of outstanding deficits and loan advances. At £0.925m, this represents 32% of the forecast £2.862m 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 no more than £1.145m aggregate deficits meaning further loans of up to £0.220m can be agreed.
- 6.30 Whilst there have been no new requests for licensed deficits, a number of schools are unable to produce a balanced medium-term recovery plan.
- 6.31 The licensed deficit scheme is once again facing pressures in terms of there being sufficient aggregate surplus balances to finance the amount of deficit requests being made. As well as the on-going financial challenges being faced by schools, BFC, like many LAs is also experiencing significant deficits on High Needs Block budgets which is likely to continue in at least the medium term. Options to continue to be able to make deficit agreements with schools are therefore being explored.
- 6.32 The current position of £0.690m of likely deficits being unmatched by a medium-term recovery plan presents a risk to financial stability at relevant schools.

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. The difficulties being experienced by a small number of schools in producing balance medium-term recovery plan indicates that the current challenging 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 additional financial support arrangements. The impact on agreeing deficit budgets from the increasing over spending on the High Needs Block will very soon present difficulties to the operation of the licenced deficit scheme.

Equalities Impact Assessment

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

Strategic Risk Management Issues

- 7.4 There are strategic risks around ensuring all schools remain financially viable whilst delivering appropriate standards and effectiveness without putting excessive pressure on the Schools Budget to provide additional funds.

8 CONSULTATION

Principal Groups Consulted

- 8.1 Assistant Director: Education and Learning and People Directorate Management Team.

Method of Consultation

- 8.2 Meetings.

Representations Received

- 8.3 Incorporated into the report.

Background Papers

None.

Contact for further information

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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 responsible Director 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 responsible Director for schools and the responsible Director for finance 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 responsible Director for schools and the responsible Director for finance 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 Unallocated Reserve which will be used to support the arrangement shall not exceed 40%
- the responsible Director for schools and the responsible Director for finance 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.

Summary school loan and deficit agreements for maintained schools – by school by year

School	Balance due at 2020-21 year end £	2021-22 £	2022-23 £	2023-24 £	Comment
Ascot Heath Primary	220,000	220,000	220,000	220,000	Repayment date to be determined
Harmanswater Primary	115,000	90,000	40,000	0	Full repayment plan in place
The Pines	150,000	150,000	150,000	150,000	Repayment date to be determined
Winkfield St Mary's	20,000	20,000	20,000	20,000	Repayment date to be determined
Easthampstead Park	160,000	300,000	300,000	300,000	Repayment date to be determined
Sandhurst	260,000	80,000	0	0	£80,000 final repayment 2022-23
Total	925,000	860,000	730,000	690,000	
BFC Academy School Summary					
The Brakenhale	18,000	0	0	0	£43,332 repayment due 2020-21
Total	18,000	0	0	0	
Grand total all schools	943,000	860,000	730,000	690,000	

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