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# NOTICE OF MEETING

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## SCHOOLS FORUM

WEDNESDAY, 15 OCTOBER 2014 AT 5.00 PM

CONFERENCE ROOM A - CIVIC OFFICES, FLOOR 2

Telephone enquiries to Jane Di Dino 023 9283 4060

Email: [jane.didino@portsmouthcc.gov.uk](mailto:jane.didino@portsmouthcc.gov.uk)

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### Membership

#### Schools Members

One head teacher representative - nursery phase  
Three head teacher representatives - primary phase  
Three head teacher representatives - secondary phase  
One head teacher representative - special phase  
Two academy representatives  
Eight governors

#### Non School Members

Four Councillors (1 from each political party)  
One representative from the following organisations:  
The Anglican Diocese  
The Roman Catholic Diocese  
The 16-19 Representative  
The Early Years providers (from the private, voluntary and independent sector)

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(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

### AGENDA

- 1 Apologies
- 2 Declarations of Interest

- 3 **Membership Changes**
- 4 **Minutes of the previous meeting held on 16 July 2014 and matters arising (Pages 1 - 6)**
- 5 **School Funding Reform 2015 - 2016 (Pages 7 - 34)**

**Purpose of report**

The purpose of this report is to inform Schools Forum of the progress being made towards the implementation of changes to School Funding for 2015-16 and to seek approval for the first stage of the submission to the Department for Education (DfE) of the 2015-16 budget proforma.

**Recommendations**

It is recommended that Schools Members:

- a. Agree that following confirmation of the 2015-16 Dedicated Schools Grant (DSG), officers will amend the unit values to minimise the impact of fluctuations in funding at the school level and to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
  - Basic Per Pupil Entitlement
  - Prior attainment
  - Lump Sum
  - The percentage of the financial cap
- b. Agree the proposed changes to the mainstream funding formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 4.6.
- c. Approve the submission of the draft proforma to the DfE as the first stage of the 2015-16 school's funding formula process.
- d. Agree by phase, (maintained primary and secondary schools) the de-delegation of the following budgets for central administration in 2015-16.

| <b>Expenditure Item</b>                         | <b>De-Delegation Proposed</b> |                  |
|---|-------------------------------|------------------|
|   | <b>Primary</b>                | <b>Secondary</b> |
| Administration of free school meals eligibility | Yes                           | Yes              |
| Licences  | Yes                           | Yes              |
| Special Staff Costs: Union Duties only.         | Yes                           | Yes              |
| Schools Contingency Fund                        | Yes                           | Yes              |
| Behaviour Support                               | Yes                           | No               |

|                           |     |    |
|---------------------------|-----|----|
|                           |     |    |
| Museum & Library Services | Yes | No |

- e. Agree the proposed Growth Fund criteria for 2015-16 as set out on page 15 of the attached consultation document.
- f. Agree that Portsmouth will not operate a Falling Rolls Fund in 2015-16, for the reasons explained within the attached consultation document.
- g. Note, that subject to the government's consultation on the Finance Regulations, the DfE are proposing to increase the funding for Alternative Provision places from £8,000 to £10,000 from 01 September 2015.
- h. Note, that if it is agreed to increase the funding for Alternative Provision places, the top-up rates for Flying Bull Primary and the Harbour School would need to be reduced as follows, in order to maintain overall affordability.

|   | The Harbour School | Flying Bull Primary Academy |
|---|--------------------|-----------------------------|
| Element 3 Top up rate 1.4.2015 to 31.8.2015 | £5,273             | £6,638                      |
| Element 3 Top up rate 1.9.2015 to 31.3.2016 | £2,714             | £4,638                      |

## 6 Schools Forum Constitution (Pages 35 - 48)

### Purpose

The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix 2. The amendments contained within this paper are intended to update the Schools Forum constitution to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

### RECOMMENDATION

It is recommended that the Schools Forum approves the revised constitution attached at Appendix 2 of the report to take effect from 1<sup>st</sup> November 2014.

## 7 School modernisation and capital programme - capital contributions from schools (Pages 49 - 56)

### Purpose

The purpose of this report is to determine the methodology that should be used to secure a contribution from schools towards the Council's annual

school modernisation capital programme.

### **Recommendations**

It is recommended that Schools Forum consider and approve one of the following options for school contributions to the annual school modernisation capital programme (*full details of the options are set out in paragraph 4.5*):

- a) Option 1a - All maintained schools contribute an amount equivalent to the devolved formula capital (DFC) allocation.
- b) Option 1b - All maintained schools contribute an amount equivalent to 1% of the schools budget share.

The contributions in option 1a and 1b would be weighted as follows:

|                                   | DFC<br>Equivalent | % Budget Share<br>Equivalent |
|-----------------------------------|-------------------|------------------------------|
| Total balances below £25,000      | Nil Contribution  | Nil contribution             |
| Total balances £25,001 - £250,000 | 1X DFC            | 1%                           |
| Total balances £250,001-£500,000  | 1.5 DFC           | 1.5%                         |
| Total balances over £500,000      | 2X DFC            | 2%                           |

- c) Option 1c - Only maintained schools with capital projects contribute an amount equivalent to their DFC allocation, on the following basis, using the weighting methodology in option 1a above:

Scheme Value £15,001 - £50,000 – equivalent of 1 year's DFC allocation

Scheme Value £50,001 - £100,000 – equivalent of 2 year's DFC allocation

Scheme Value above £100,000 – equivalent of 3 year's DFC allocation

## **8 Traded services - The Next Steps (presentation)**

## **9 Dates of future meetings**

The next meeting is on 10 December 2014.

The proposed dates for meetings in 2015 are (all meetings are at 4.30pm):

21 January  
25 February  
22 April  
15 July

## **10 Any other business**

Members of the public are now permitted to use both audio visual recording devices and social media during this meeting, on the understanding that it neither disrupts the meeting or records those stating explicitly that they do not wish to be recorded. Guidance on the use of devices at meetings open to the public is available on the Council's website and posters on the wall of the meeting's venue.

# Agenda Item 4

## SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 16 July 2014 at 4.30pm in the Civic Offices.

### Present

Mark Mitchell, Governor - Special (in the Chair)  
Clive Good, Governor - Primary  
Suzy Horton, Governor - Primary  
Steve Sheehan, Governor - Primary

Jackie Collins, Head Teacher - Primary  
Margaret Dunford, Head Teacher - Special  
Sarah Sadler, Head Teacher - Primary  
Mike Smith, Head Teacher - Secondary  
Sue Wilson, Head Teacher - Primary

Alison Beane, Academy Representative  
Margaret Beel, Academy Representative  
Steve Frampton, 16-19 Representative

Carole Damper, Early Years Provider  
Councillor Ken Ferrett  
Councillor Lynn Stagg

### 24. Apologies (AI 1)

Apologies were received from Fiona Calderbank, David Jeapes, Bruce Marr and Karen Stocks.

### 25. Declarations of Interests (AI 2)

The following interests were declared:

- Steve Frampton declared an interest in item 11
- Mark Mitchell declared an interest in item 9 in relation to the Special School funding.
- Sarah Sadler declared an interest in item 9
- Steve Sheehan is president of the National Association of Schoolmasters Union of Women Teachers.

### 26. Membership Changes (AI 3).

Richard Webb informed the committee of the following changes to membership:

- Jayne Pratt, Governor - Nursery, membership tenure of the Forum has come to an end.
- Councillor Lynne Stagg had replaced David Fuller as the Liberal Democrat representative.
- As the Cabinet Member for Children & Education, Councillor Neill Young is now an observer rather than a Forum Member. The tenures of David Jeapes, Mike Smith and Carole Damper are coming to an end.

**27. Schools Forum Constitution (AI 4)**

Richard Webb suggested that the constitution will be amended to reflect UKIP representation and a member sought.

**Schools Forum agreed that the constitution be amended to include one additional Non-Schools Member to be a Elected Member from the United Kingdom Independence Party.**

**28. Minutes and Matters Arising from the Previous Meeting - 30 April 2014 (AI 5).**

The minutes were agreed.

Matters Arising.

The consultation paper regarding the schools block funding would be resent to Sarah Sadler using a different email address.

**29. Universal Infant Free School Meals (AI 6).**

Mike Stoneman introduced the report and in response to questions from the committee, clarified the following points:

- The feedback from the trial was positive and all the schools served lunches within the lunch break, some by making the following changes:
  - a) Reducing the number of meal options in order to speed up the service.
  - b) The appointment of monitors to serve water.
  - c) Extending the lunch hour.
  - d) Provision of more bins.
  - e) Allowing for more washing up.
- According to the forms returned so far by parents, 80-90% of pupils are likely to have free school meals. The council will check the pupils' eligibility for pupil premium funding in time for the October census.
- The government pays £2.30 per meal.

Richard Webb explained the new funding arrangements in respect of the new UIFSM grant.

The Chair commented that this was a good report and that there was good evidence that there has been communication with schools.

**The Schools Forum noted the progress that has been made in implementing the Universal Infant Free School Meals initiative and requested that officers bring back to a future Schools Forum meeting a paper setting out the proposed future cost per meal to parents/carers once the re-negotiations of the existing contract with ISS have been completed.**

**30. School Balances at 31 March 2014 (AI 7).**

Richard Webb introduced the report and informed the forum that on 14 July, the Cabinet Member for Children & Education was not pleased that some schools had significant surplus amounts of uncommitted balances that had accumulated and had instructed the education service to continue working with schools on this issue.

In response to a question, Julian Wooster explained that the Education Improvement Service will issue an improvement notice to schools that are performing badly. He also noted that some schools had received large amount of pupil premiums.

Members commented that some balances are unforeseen but plans should be monitored.

Mark Mitchell made the following observations:

- Schools have a statutory obligation to publish details on how the pupil premiums will be spent on their website.
- A small number of schools have large revenue carry forward balances, some of which are increasing every year. It is reasonable that this be questioned particularly if they are also performing poorly.
- It is difficult to balance pupils' current needs and planned work.

**The Schools Forum noted the level of schools' revenue balances and capital balances as at 31st March 2014 as shown in Appendices 1 & 2.**

**31. DSG Outturn Position 2013-14 (AI 8).**

Richard Webb introduced the report.

**The Schools Forum:**

- 1. Noted the reasons for the under and overspends within the DSG budget in 2013-14.**
- 2. Acknowledge that the carry forward funding is not available on an ongoing basis**

**32. Revised Budget 2014-15 (AI 9).**

Richard Webb introduced the report and in response to questions from the forum, clarified the following points:

- Section 6.17 on page 62 refers to further education not higher.
- It is important that budget is sustainable.
- The proposals within the report in respect of the use of the two year old funding would not affect the Council's obligation in meeting its statutory duties.
- Highbury College would receive £18,000 less funding from the Growth Fund under the proposals within the report.

Julia Katherine explained that Portsmouth has slightly more pupils with statements than the national average and the council aims to reduce the number who are placed outside of the city.

Mark Mitchell observed that the complexity of pupils' needs was increasing.

Margaret Dunford reported that Alison Beane, who had left the meeting shortly before had asked that academies be represented on the SEN Strategy Group.

The forum discussed how the budget could be balanced.

Members suggested that it would not be fair to reduce the additional growth fund allocation to schools in-year as those schools had accepted the extra pupils to assist the city with the increased demand.

**The Schools Forum:**

- a) **Acknowledged the estimated financial pressures and the reasons for them as set out in sections 5 and 6 of this report; as well as the fact that the final outturn for 2014-15 may change.**
- b) **Agreed to allocate the increase in the Early Years block DSG of £114,000 to support the 3 & 4 year old Nursery provision budget.**
- c) **Noted the forecast overspend for 2014-15 of £250,000 in the 3 & 4 year old Nursery provision after allocating the £114,000, and that any underspend in the 2 year place funding will be used to offset this.**
- d) **Agreed to meet the estimated financial pressures of £1,067,000 in respect of the High Needs budgets in 2014-15 by:**
  - i) **Allocating the additional High Needs Block DSG funding of £292,000 to the High Needs budgets.**
  - ii) **Transferring the unused Falling Rolls funding in 2014-15 of £391,000 to the High Needs budgets.**
  - iii) **Transferring £384,000 on a one-off basis from the 2013-14 carryforward to the High Needs budgets**
- e) **Agreed the revised budget for 2014-15 as set out in Appendix 1.**
- f) **Acknowledged the forecast financial pressures in respect of the High Needs budget in 2015-16 of circa £1.433m and the options for balancing the budget as set out in paragraphs 7.7 to 7.11.**
- g) **Agreed that based on the options in paragraphs 7.7 to 7.11, officers develop specific proposals for balancing the budget in 2015-16 and that these be brought back to a future meeting of the Forum for approval.**

(All the above were approved unanimously).

- h) **Rejected the recommendation to amend the funding allocation methodology for the 2014-15 Growth Fund, subject to DfE approval, as follows: *'The one-off allocation from the growth fund to schools', who meet the Growth Fund criteria, will be equal to £1,100 per Primary pupil of the current academic year's increase in the Number of Roll. For secondary schools, the rate of £1,500 per pupil will be used in the calculation.'***  
(2 for and 6 against).

**33. Scheme For Financing Schools (AI 10).**

Alison Egerton introduced the report and informed members that to date the council had only received responses on the consultation from Fernhurst Junior and King Richards Schools.

Steve Sheehan noted how important it was that governors are able to scrutinise school budgets.



In response to a question about training, Richard Webb explained a new training offer for Head Teachers, Finance Officers and Governors had recently been launched by Financial Services.

**The Schools Forum approved the revised Scheme for Financing Schools.** *(approved unanimously).*

**34. Funding Reform 2015-16 (AI 11)**

Richard Webb introduced the report.

**The Schools Forum noted the report but could not vote on the recommendations because it was no longer quorate.**

**35. Any Other Business. (AI 12)**

Richard Webb informed the forum that he had been asked to raise an item by the Head of Education, but would now email this to members as the majority had now left.

The meeting concluded at 6.45pm.

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Mark Mitchell  
Chair

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# Agenda Item 5



Portsmouth  
CITY COUNCIL

Agenda item: **5**

|                               |   |
|-------------------------------|---|
| <b>Title of meeting:</b>      | Schools Forum   |
| <b>Date of meeting:</b>       | 15 October 2014   |
| <b>Subject:</b>               | School Funding Reform 2015-16                                     |
| <b>Report from:</b>           | Julian Wooster, Director of Children's and Adult's Services       |
| <b>Report by:</b>             | Richard Webb, Finance Manager for Education & Children's Services |
| <b>Wards affected:</b>        | All Wards   |
| <b>Key decision:</b>          | No  |
| <b>Full Council decision:</b> | No  |

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## 1. Purpose of report

The purpose of this report is to inform Schools Forum of the progress being made towards the implementation of changes to School Funding for 2015-16 and to seek approval for the first stage of the submission to the Department for Education (DfE) of the 2015-16 budget proforma.

## 2. Recommendations

It is recommended that Schools Members:

- a. Agree that following confirmation of the 2015-16 Dedicated Schools Grant (DSG), officers will amend the unit values to minimise the impact of fluctuations in funding at the school level and to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
  - Basic Per Pupil Entitlement
  - Prior attainment
  - Lump Sum
  - The percentage of the financial cap
- b. Agree the proposed changes to the mainstream funding formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 4.6.
- c. Approve the submission of the draft proforma to the DfE as the first stage of the 2015-16 school's funding formula process.

- d. Agree by phase, (maintained primary and secondary schools) the de-delegation of the following budgets for central administration in 2015-16.

| Expenditure Item                                | De-Delegation Proposed |           |
|---|------------------------|-----------|
|   | Primary                | Secondary |
| Administration of free school meals eligibility | Yes                    | Yes       |
| Licences  | Yes                    | Yes       |
| Special Staff Costs: Union Duties only.         | Yes                    | Yes       |
| Schools Contingency Fund                        | Yes                    | Yes       |
| Behaviour Support                               | Yes                    | No        |
| Museum & Library Services                       | Yes                    | No        |

- e. Agree the proposed Growth Fund criteria for 2015-16 as set out on page 15 of the attached consultation document.
- f. Agree that Portsmouth will not operate a Falling Rolls Fund in 2015-16, for the reasons explained within the attached consultation document.
- g. Note, that subject to the government's consultation on the Finance Regulations, the DfE are proposing to increase the funding for Alternative Provision places from £8,000 to £10,000 from 01 September 2015.
- h. Note, that if it is agreed to increase the funding for Alternative Provision places, the top-up rates for Flying Bull Primary and the Harbour School would need to be reduced as follows, in order to maintain overall affordability.

|   | The Harbour School | Flying Bull Primary Academy |
|---|--------------------|-----------------------------|
| Element 3 Top up rate 1.4.2015 to 31.8.2015 | £5,273             | £6,638                      |
| Element 3 Top up rate 1.9.2015 to 31.3.2016 | £2,714             | £4,638                      |

### 3. Background

- 3.1. In July 2014 a report was presented to Schools Forum which provided members with a summary of the main changes proposed by the DfE to the 2015-16 revenue funding arrangements. This report also included proposals for changes to the de-delegated central expenditure and centrally retained budgets. The recommendations within the July report were not agreed, due to the meeting no longer being quorate at this item.

- 3.2. This report updates Schools Forum members on the outcome of the consultation on the proposed formula changes with schools and the submission of the return to the DfE on the factors for inclusion in the 2015-16 funding formula.

#### 4. Consultation

4.1. The consultation with maintained schools and Academies in Portsmouth was issued on the 2 September 2014 and closed on the 4th October 2014. The consultation was issued to Head Teachers, School Finance Officers and Chairs of Governors. A copy of the consultation document is attached at Appendix 1.

4.2. In addition to the consultation document, schools were also provided with a spreadsheet which demonstrated the financial effects of the proposals on the funding formula for their individual schools. The spreadsheet utilised the pupil data as per the October 2013 census and reflected the impact of the changes in:

- school organisation, including primary amalgamations, academies and all through schools
- the reduction of the primary lump sum
- the adjustment to the basic entitlement per pupil to reflect the reduction of the lump sum.

4.3. A copy of the provisional proforma return that we are required to submit to the DfE by the 31 October 2014 is attached at Appendix 2.

4.4. Schools Forum are advised that at this point in the implementation process the Council is not consulting on the final unit values for 2015-16, but rather the principles and factors that it intends to apply in implementing the funding formula arrangements for 2015-16. Depending on the final DSG that the Council is allocated for 2015-16, together with changes in pupil characteristics and the growing pressures in respect of High Needs, it may be necessary to amend the unit values to maintain overall affordability. In order to provide schools with some certainty, any changes will be limited to the following formula factors:

- Basic Per Pupil Entitlement
- Prior attainment
- Lump Sum
- The percentage of the financial cap

4.5. Of the 63 Portsmouth schools and Academies, as at the 25 September 2014, only one school had replied to the consultation. A final summary of the feedback received from the consultation with schools will be circulated at the meeting.

4.6. The proposals for changes to the mainstream funding factors for 2015-16 are summarised below:

- **Split Site Factor**

As set out in the consultation document attached it is proposed not to implement this factor for 2015-16.

- **Lump Sum**

To support the amalgamation of primary schools as set out in the consultation document, it is proposed to reduce the primary lump sum to £130,000 for 2015-16 and transfer the funding released to the per pupil entitlement factor. It is proposed to continue to reduce the primary lump sum on an annual basis by an amount which minimises the impact on individual schools' funding and reduces the amount of Minimum Funding Guarantee (MFG) payable.

4.7. The single response to the consultation raised a concern in respect of the proposal to cease the de-delegation and pooled fund arrangements in respect of maternity cover. Unfortunately, due to the number of maintained schools converting to Academy status, and the considerable reduction in the level income for the funds, it is proposed to cease the de-delegation of funds for Maternity cover and Special Staff costs (with the exception of union duties) from 1 April 2015. Schools raised a concern that they would no longer be able provide cover for maternity leave. Research has shown that schools are able to purchase maternity absence insurance specifically designed for schools from a number of commercial suppliers and is the approach that has been taken by a number of Academies within the city, for whom we are not able to de-delegate funding.

4.8. Following the closure of the consultation, if any further questions are raised with regards, a response will be provided at the meeting.

## 5. **Next Steps**

5.1. Officers are continuing to work with special schools to agree the number of places and top up funding requirements for 2015-16. The process for requesting special school places has changed for 2015-16, with the local authority submitting an exception request to vary the number of places submitted in December 2013. Unfortunately due to the timing of this, a report cannot be brought to Schools Forum before the exception request submission date, therefore a report will be brought to the December Schools Forum informing them of the submission detail.

5.2. A report will also be brought to the next meeting of the Schools Forum, regarding potential changes to the operation of the exceptional circumstances fund and the outreach service.

**6. Reasons for recommendations**

Following the publication of the DfE Guidance on the "Schools Revenue Funding 2015 to 2016: Operational guide" in June 2014, the Local Authority has been working closely with the Schools Funding Reform Working Groups. The Working Groups have provided advice and guidance on the proposed changes to the funding formula regarding the implications to schools, which have informed the proposals within the attached consultation document.

**7. Equality impact assessment (EIA)**

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

**8. Legal comments**

Legal comments have been included within the body of this report.

**9. Head of Finance's comments**

Financial comments have been included within the body of this report.

.....  
 Signed by: Julian Wooster, Director of Children's & Adults' Services

**Appendices:**

1. 2015-16 - Funding Formula Consultation Document
2. DfE Funding Proforma - 1<sup>st</sup> Stage Submission

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| Title of document   | Location  |
|---|---|
| Schools revenue funding 2015 to 2016 operational guide, July 2014 | <a href="https://www.gov.uk/government/publications/fairer-schools-funding-arrangements-for-2015-to-2016">https://www.gov.uk/government/publications/fairer-schools-funding-arrangements-for-2015-to-2016</a> |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
 Signed by:

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# 2015-16 School Funding Formula

Consultation



Portsmouth  
CITY COUNCIL

# Funding Formula Consultation 2015-16

## Contents

1. Introduction & Background
2. Early Years Funding Formula
3. Mainstream Schools Funding Formula
4. High Needs
5. Other proposals
6. Responding to the Consultation

## 1 Introduction & Background

- 1.1. In April 2013 the Department for Education introduced the fair funding formula which sought to standardise the method of allocating funding to schools across the country. This was a first step in a two year transitional process towards a national fair funding formula that was intended to be introduced from the financial year 2015-16.
- 1.2. In March 2014 the Department for Education confirmed that the national fair funding formula had been delayed until a later date (i.e. after 2015-16) when multi-year budgets would be available to provide certainty.
- 1.3. The Department for Education (DfE) have confirmed that the level of funding per pupil for 2015-16 that the Council receives for Early Years and Mainstream Schools will remain at the 2014-15 per pupil levels (i.e. the same level since 2011-12).
- 1.4. The funding that the Council receives for High Needs services is not on a per pupil basis and it has been confirmed that this allocation nationally will also remain at the 2014-15 level.
- 1.5. Therefore there is no additional funding from the DfE to allocate out to schools and similar settings for 2015-16.
- 1.6. Each year the Council is required to consult on any proposed changes to the Early Years and School Funding Formula. The purpose of this consultation document is therefore to set out the changes Portsmouth City Council intends to make to the Funding Formula in implementing the revenue funding arrangements for 2015-16; and to seek your views on these proposals.
- 1.7. As in previous years, Schools Forum agreed to the creation of funding working groups (see Appendix 1) to help inform the proposed changes to the funding arrangements for 2015-16. Two groups were established (one for mainstream schools and the other for Special Schools) and they met during May and June 2014 to help inform and guide the majority of proposals contained within this document. The feedback from the groups was also reported to Schools Forum at the meeting in July 2014<sup>1</sup>.

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<sup>1</sup> <http://democracy.portsmouth.gov.uk/ieListMeetings.aspx?Cid=335&Year=0>

## **2. Early Years Funding Formula**

- 2.1. No changes are currently proposed to the Early Years funding formula for 2,3 or 4 year olds.

## **3. Mainstream Schools Funding Formula**

### **Introduction**

- 3.1. The DfE have confirmed that there will no significant changes to the school revenue funding formula for Primary and Secondary schools in 2015-16. Therefore the proposals that we are consulting on will be limited to the following areas:

- The review undertaken with working group to look at options to support schools amalgamating; and
- The need to maintain overall affordability.

### **Split Site Factor - Primary phase only**

- 3.2. Following a number of recently completed amalgamations and with other schools in the process of amalgamating, it was felt that the use of the Split Site Factor should be reconsidered. The findings from a review of this factor and the resulting proposal are set out below.
- 3.3. Initial research exploring the use of the split site funding factor used by other local authorities was shared with the working group. Of the options available the working group selected two simple options for further modelling:
  - Luton Borough Council - £250.00 per pupil based at the subsidiary site
  - Hampshire County Council - £50,000 lump sum for the subsidiary site.
- 3.4. Financial modelling was carried out using the two groups of schools that were considering amalgamation and where one of the schools in the group was located a distance away from a main campus.
- 3.5. As there is no additional funding available for the schools block to provide the funds for the new factor, funding to support the use of this factor was diverted

from the basic per pupil entitlement for primary pupils, for financial modelling purposes.

3.6. The table below shows the impact on the schools budget shares.

| Option    | Post MFG/CAP                      |                                  |                                 | Pre MFG/CAP                       |                                  |                                 |
|-----------|-----------------------------------|----------------------------------|---------------------------------|-----------------------------------|----------------------------------|---------------------------------|
|           | Primary                           |                                  |                                 | Primary                           |                                  |                                 |
|           | Schools who have seen an increase | Schools who have seen a decrease | Schools who have seen no change | Schools who have seen an increase | Schools who have seen a decrease | Schools who have seen no change |
| Luton     | 0                                 | 13                               | 37                              | 2                                 | 48                               | 0                               |
| Hampshire | 0                                 | 13                               | 37                              | 2                                 | 48                               | 0                               |

3.7. The right hand side of the above table shows the impact before MFG or the CAP (additional funding is capped at plus 1.5%) is applied. This indicates that the two groups of schools concerned would see an increase in funding for both options; the increase would be between £32,100 and £63,700 depending on the school group and the option. However the remaining 48 Schools would see a decrease of between £234 and £3,400. However when the MFG/CAP formula is applied, both the groups of schools who would see an increase would exceed the 1.5% gain in funding and therefore would not receive any additional funding via the split site factor.

3.8. In light of this the working group agreed that the split site factor should not be offered to schools as part of the formula funding in 2015-16.

### Lump Sum

3.9. Feedback from a number of recent proposed amalgamations indicated that funding and in particular the loss of the lump sum in the second year of amalgamation was a particular concern. To try and support the amalgamation process the working group looked at the reduction or removal of the lump sum, in order to remove the barrier to the amalgamation process.

3.10. The working group requested the following 'lump sum' options to be modelled for both Primary and Secondary schools:

- No lump sum
- A lump of £50,000
- A lump sum of £75,000
- A lump sum £100,000

- 3.11. Any funds released through the reduction of the current lump sum amount were to be reallocated to schools via the basic per pupil entitlement, thus increasing the amount each school would get per pupil on roll.
- 3.12. To ensure that the impact of the proposed changes could be measured on a like for like basis the modelling assumed that the proposed lump sums were implemented from 2014-15. Thus enabling any movement in the overall and individual schools budgets to be compared to the current position. An initial comparison between the current DSG allocation to mainstream schools and the impact of the modelled options on the future funding requirements, showed an increase in overall funding requirement of between £160,114 and £444,904, due to the impact of the minimum funding guarantee (MFG); which was unaffordable.
- 3.13. Of the primary schools 74% would have seen an increase in their funding, with a maximum increase of £25,853. Of the 13 (16%) schools that saw a decrease, the maximum decrease was £14,058. The decrease in budget share had a greater impact on the smallest schools in the authority with the two smallest schools seeing a loss in excess of £10,000.
- 3.14. The Secondary schools were evenly split between those that would have seen a budget increase/decrease.
- 3.15. When discussing the results with the working group, it was felt that the decrease in funding for the smallest schools in the authority was not acceptable and the working group agreed not to reduce the lump sum.
- 3.16. However following discussions with Education Officers, further financial modelling was undertaken over the summer to identify if a smaller reduction in the lump sum for Primary schools would help to move towards a reduced lump sum (and therefore reduce the impact for amalgamating schools) without having too great an impact on individual schools, in 2015-16.
- 3.17. The results of the modelling identified that a Primary lump sum of £130,000 would see a maximum gain of £27,061 and a maximum loss of £9,363 (before MFG), with the average gain being £4,686 and the average loss being £2,258. The split between those schools that saw a gain and those that saw a reduction in funding was an even 50/50 split. In the majority of cases where schools saw a loss, it was cancelled out by the inclusion of MFG.
- 3.18. Therefore we are proposing to reduce the Primary lump sum amount to £130,000 in 2015-16 and allocate the funding removed from this factor

through the 'Basic Per Pupil Entitlement' factor. No changes are proposed to the Secondary lump sum.

## **MFG & Capping**

3.19. The Minimum Funding Guarantee (MFG) for primary and secondary schools will remain at minus 1.5% for 2015-16. The DfE have confirmed that the MFG mechanism will remain in place for 2015-16 onwards but have not yet confirmed whether it will remain at minus 1.5%.

3.20. The capping mechanism will also be retained again in 2015-16. As part of setting the budget for 2015-16 it will be necessary to re-determine the level at which the capping on the gains will be applied. For the purposes of consulting with schools, the indicative budgets have assumed that the cap remains at 1.5%.

## **Budget Share Financial Modelling**

3.21. An indicative 'budget share' spread sheet has been prepared to accompany this document which will provide you with an understanding of the impact of these proposals on your schools funding allocation. The indicative budget share allocation is calculated using the 2014-15 pupil data provided by the DfE.

The following points should be noted:

- The comparison to the current 2014-15 budget share is shown before the de-delegation of any centrally held funding.
- The final budget share for 2015-16 may differ as a result of the change in pupil numbers and characteristics and will be based on the October 2014 pupil census.
- The budget share excludes any funding for resourced units or early years nursery provision.
- The budget share includes changes relating to the National Non Domestic Rates corrections for 2014-15 payments and adjustments relating to schools that have converted or are expected to convert to Academy status.
- Changes to pupil numbers to reflect the second year of Mayfield School becoming an all-through school
- Changes to reflect those schools which have amalgamated during the year.

## Maintaining Overall Affordability

- 3.22. In setting the final budget for 2015-16 for Primary and Secondary schools, updated pupil data based on the October 2014 census will be provided by the DfE. As a result of the change in pupil numbers and pupil characteristics and growing pressures in the High Needs budgets, it may be necessary to amend the final unit values attached to the funding formula factors, in order to maintain overall affordability within the DSG.
- 3.23. In order to provide schools with some certainty, it is proposed that any changes to the unit values attached to funding factors will be limited to the following formula factors:
- Basic Per Pupil Entitlement
  - Prior Attainment
  - Lump sum
  - Percentage of the financial cap

## De-Delegated Budgets

- 3.24. In setting the budget for 2014-15, Schools Forum agreed to de-delegate the following budgets to central control as shown in the table below.

### *Current De-Delegation Arrangements:*

| <b>Expenditure Item</b>   | <b>De-delegation for 14-15</b>   |
|---|--|
| Administration of free school meals eligibility                   | De-delegated from maintained primary & secondary schools.  |
| Licences or subscriptions   | De-delegated from maintained primary & secondary schools.  |
| Special Staff Costs: Maternity                                    | De-delegated from maintained primary & secondary schools.  |
| Special Staff Costs: Union Duties, Suspension, Jury Service, etc. | De-delegated from maintained primary & secondary schools   |
| Support for minority ethnic pupils or underachieving pupils       | De-delegated from maintained primary & secondary schools for the period Apr - Aug 2014.<br><br>The EMAS service will implement a traded service arrangement from September 2014                          |
| Behaviour Support   | De-Delegated from maintained primary schools.<br><br>De-delegate from maintained secondary schools for the period Apr - Aug 2014 only. A traded service arrangement will be in place from September 2014 |



| <b>Expenditure Item</b>   | <b>De-delegation for 14-15</b>                            |
|---------------------------|---|
| Museum & Library Services | De-delegated from maintained primary schools only         |
| Schools Contingency Fund  | De-delegated from maintained primary & secondary schools. |

3.25. For 2015-16, we are currently only proposing to continue offering the option to de-delegate the 'union duties' element of the Special Staff Costs. This will mean that schools will be responsible for managing the costs of any staff on Maternity, Suspension and Jury Service in the same way as Academies from 1st April 2015. The reason behind this decision is that more schools are converting to Academy status, which is reducing the size of the pooled funds.

3.26. In summary, the de-delegation options that will be proposed to Schools Forum in October are set out in the table below..

*Proposed De-Delegation Arrangements 2015-16:*

| <b>Expenditure Item</b>                         | <b>De-delegation Proposals for 2015-16</b>                                 |
|---|--|
| Administration of free school meals eligibility | Continue to de-delegate from maintained primary & secondary schools.       |
| Licences  | Continue to de-delegate from maintained primary & secondary schools.       |
| Special Staff Costs: Union Duties.              | De-delegate only union duties from maintained primary & secondary schools. |
| Behaviour Support                               | De-Delegate from maintained primary schools only.                          |
| Museum & Library Services                       | De-delegate from maintained primary schools only                           |
| Schools Contingency Fund                        | De-delegate from maintained primary & secondary schools.                   |

## 4. High Needs

### Resourced Units

- 4.1. The place funding for resourced units will remain at £10,000 per place. There are currently no proposals to amend the resourced unit top-up rates for 2015-16.

### Special Schools

- 4.2. The place funding for Special Schools will remain at £10,000 per place.
- 4.3. The Council's 'Inclusion Team' will be in discussion with each of the schools to confirm the number of places required for September 2015.
- 4.4. The Element 3 top-up funding will continue to be provided in accordance to the level of need of the pupil via the A-H banding mechanism, for which the values are unique to each school. The current legislation provides protection for the top-up funding at minus 1.5% per pupil. For 2015-16 it is currently proposed that the top-up rates will remain at the 2014-15 levels.

### Alternative Provision

- 4.5. Subject to the Finance regulations consultation, the DfE are proposing to change the place funding for Alternative Provision (AP) places from £8,000 per place to £10,000 with effect from 1 September 2015.
- 4.6. However if the regulations are approved, the DfE have been clear there will be no additional funding and they will expect to see a reduction in Element 3 Top-up funding to maintain affordability.
- 4.7. If the proposed changes are approved, it will be necessary to amend the Element 3 Top-up rates for Flying Bull Primary and The Harbour AP unit in 2015-16 as shown below.

|   | <b>The Harbour School</b> | <b>Flying Bull Primary Academy</b> |
|---|---------------------------|------------------------------------|
| Element 3 Top up rate 1.4.2015 to 31.8.2015 | £5,273                    | £6,638                             |
| Element 3 Top up rate 1.9.2015 to 31.3.2016 | £2,714                    | £4,638                             |

## 5. Other Proposals

- 5.1. Although not part of the Funding Formula the following funds form part of the overall funding available to schools. We will be taking proposals to change these budgets and associated criteria to Schools Forum in October and January and want to take this opportunity to obtain your views on the proposals.

### Growth Fund

- 5.2. The Growth fund was established to support schools where they have seen a significant increase in pupils over a sustained period of time (two years). The funding covers the period the additional pupils are in the school (September to March), but funding does not recognise the increase until the following financial year.
- 5.3. When setting the budget in 2013-14, for the first year of growth funding, it was estimated that an amount of approximately £187,000 would be required (based on January NOR Forecasts), the actual cost was £331,400, an increase of 44%.
- 5.4. Based on current estimates taken from the September 2014 admission data (as at June 2014), it is expected that 7 schools could receive growth funding at a cost of £366,700 on a budget of £300,000 in 2014-15, which is unaffordable in the long term.
- 5.5. Schools Forum agreed at the meeting on 16 July 2014 that the criteria and the rate per pupil for 2014-15 would remain the same, but that they would review the per pupil rate for 2015-16.
- 5.6. The current rates are:
- 7/12th of the per pupil basic entitlement for Primary (£1,593)
  - 7/12th of the key stage 3 basic entitlement for Secondary (£2,128)
- 5.7. The Finance team have worked with Admissions and pupil place planning teams to refine the data to reflect the planned admissions for September 2014 (as at June 2014) and ensure greater accuracy within the forecast, it is therefore proposed to revise the following rates for 2015-16 growth funding:
- Primary £1,100 per pupil for the difference in pupils between the October 2014 and October 2015 census NOR

- Secondary £1,500 per pupil for the difference in pupils between the October 2014 and October 2015 census NOR.
- 5.8. Following the receipt of the October 2014 data, further modelling will be undertaken to test the accuracy of the forecasts and the rates may be adjusted when agreeing the final budget for 2015-16, to maintain overall affordability.
- 5.9. We are not proposing to amend the eligibility criteria for 2015-16 and a copy can be found in Appendix 2.

### **Falling Rolls fund**

- 5.10. The falling rolls fund was introduced in 2014-15 to support those schools judged good or outstanding by Ofsted who were seeing a reduction in the number on roll, but who were expecting to see an increase in numbers within a three year period.
- 5.11. In 2014 the authority has not been able to allocate funding via this fund as those schools who were experiencing a reduction in pupil numbers did not meet the criteria. A proposal was taken back to School's Forum in July 2014, proposing to change the criteria in 2015-16, however this would only provide additional funding to one school, due to the mandatory criteria laid down in legislation regarding the Ofsted Judgement.
- 5.12. Due to the limited use of this fund and the growing financial pressures within the DSG it is proposed to cease the operation of this fund in 2015-16.

### **Exceptional Circumstances Funding for maintained schools**

- 5.13. This fund has been set aside to support maintained schools who have a higher than average number of pupils on roll with high incidence, low cost Special Educational Needs. The current budget of £360,000 can no longer be maintained and it is proposed to work with the SEN Strategy Group to discuss how to better target the funding at those schools where high incidence, low cost pupils form a larger than average percentage of the number on roll.

## 6. Responding to the Consultation

- 6.1. A consultation response is attached at Appendix 3 for schools to complete. The consultation will close on the Friday 4th October 2013.
- 6.2. Please send your completed response forms to [cffinance@portsmouthcc.gov.uk](mailto:cffinance@portsmouthcc.gov.uk).
- 6.3. The responses to this consultation will be reported to Schools Forum meeting in October.

## Funding Working Groups Membership

### 1. Mainstream Working Group

|              | <b>Mainstream</b>                                     |                                 |
|--------------|---|---------------------------------|
|              | <b>Primary</b>  | <b>Secondary</b>                |
| Head Teacher | Annie Gunthorpe<br>(Westover Primary)                 | Mike Smith<br>(City Boys)       |
| Governor     | Justeen White<br>(Westover)                           | Bruce Marr<br>(Mayfield)        |
| Finance      | Anita Phillimore<br>(Arundel Court Primary)           | Sue Ravenhall<br>(King Richard) |
| Academy      | Margaret Beel<br>(Lyndhurst Junior School<br>Academy) | tbc                             |

### 2. Special Working Group

|                     | <b>Special</b>   |
|---------------------|--|
| Head Teacher        | Krishna Purbhoo (Harbour)  |
| Governor            | Jim Tolley<br>(Willows)  |
| Finance             | Sharon Payne<br>(Willows)  |
| Academy             | Alison Beane<br>(Mary Rose)  |
| SEN Representatives | Julia Katherine<br>(SEN Support Commissioning Manager)<br>Troy Hobbs<br>(Team Manager) |

## Exceptional Growth Fund- 2015-16

**Applies to:** Maintained schools and Academies

### Significant and sustained

Following confirmation of the October 2015 pupil census, funding additional to the budget share will be allocated to schools that experience a significant and sustained growth in pupil numbers.

#### Criteria

*'Growth funding will be allocated to schools where there is **both a significant and sustained** growth in pupil numbers, where the local authority has requested an increase in pupils that take the school over and above its Published Admission Number (PAN) or the school has increased its PAN'*

In setting the criteria, 'significant' and 'sustained' have been defined as follows:

- a. **'Significant'** – Where the increase in the number on roll exceeds 10 pupils per year and this equates to 5% or more of the total number of pupils on roll.
- b. **'Sustained'** – The 'significant' criteria has been met for both the current and previous academic year.

The one-off allocation from the growth fund to schools, who meet the above criteria, will be equal to **£1,100 per Primary pupil** of the current academic year's increase in the Number of Roll. For secondary schools, the **rate of £1,500 per pupil** will be used in the calculation.

*'Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share, as a result of an agreed variation in its pupil numbers.'*

#### For example – primary school

School has been requested by the Local Authority to increase the PAN from a 1<sup>1</sup>/<sub>2</sub> form entry to a two form entry from September 2013, e.g. increase in PAN of 15.

October 2013 NOR = 223 pupils used as the baseline

October 2014 NOR = 238 pupils (increase of 15 pupils and 6.7%)

October 2015 NOR = 250 pupils (increase of 12 pupils and 5%)

Additional funding will be allocated based on 12 pupils multiplied by **the rate of £1,100 per pupil** for primary schools.

$£1,100 \times 12 = £13,200$  one off allocation for growth

The 2015-16 one off funding will be allocated between January and March 2016, following confirmation from the DfE of the October 2015 pupil census numbers.



## Questions:

| <b>Funding Formula Proposals</b> |  |
|----------------------------------|--|
| 1                                | Do you agree with the decision not to implement a split-site factor for Primary Schools (including infant & Junior) in Portsmouth? |
|                                  |  |
| 2                                | Do you agree with the decision to reduce the Primary lump sum to £130,000 in respect of the lump sum factor?                       |
|                                  |  |
| 3                                | Do you have any other comments in respect of the mainstream funding formula?   |
|                                  |  |
| <b>Other Areas</b>               |  |
| 4                                | Do you agree with the proposals in respect of the Growth Fund?   |
|                                  |  |
| 5                                | Do you have any comments regarding the removal of the Falling Rolls Fund for 2014-15?  |

|   |  |
|---|--|
|   |  |
| 6 | Do you have any comments regarding the Exceptional Circumstances fund? |
|   |  |
| 7 | Do you have any comments regarding the High Needs Funding?             |
|   |  |



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Local Authority Funding Reform Proforma

LA Name: Portsmouth  
 LA Number: 851

**Pupil Led Factors**

| Reception uplift                                       |   | Yes                      | Pupil Units                |   |   | 22.00       |             |   |  |                          |                            |
|--|---|--------------------------|----------------------------|---|---|-------------|-------------|---|--|--------------------------|----------------------------|
| Description  |   | Amount per pupil         |                            | Pupil Units   |   | Sub Total   | Total       | Proportion of total pre MFG funding (%) |  | Notional SEN (%)         |                            |
| 1) Basic Entitlement<br>Age Weighted Pupil Unit (AWPU) | Primary (Years R-6)   | £2,761.16                |                            | 14,806.00   |   | £40,881,789 | £73,327,000 | 39.83%                                  |  | 6.00%                    |                            |
|  | Key Stage 3 (Years 7-9)                                       | £3,648.31                |                            | 4,928.00  |   | £17,978,872 |             | 17.52%                                  |  | 6.00%                    |                            |
|  | Key Stage 4 (Years 10-11)                                     | £4,257.31                |                            | 3,398.00  |   | £14,466,339 |             | 14.09%                                  |  | 6.00%                    |                            |
|  |   |                          |                            |   |   |             |             |   |  |                          |                            |
| Description  |   | Primary amount per pupil | Secondary amount per pupil | Eligible proportion of primary NOR                  | Eligible proportion of secondary NOR                          | Sub Total   | Total       | Proportion of total pre MFG funding (%) |  | Primary Notional SEN (%) | Secondary Notional SEN (%) |
| 2) Deprivation   | FSM6 % Primary  | £42.97                   |                            | 4,989.91  |   | £214,417    | £12,513,060 | 12.19%                                  |  |                          |                            |
|  | FSM6 % Secondary  |                          | £70.72                     |   | 2,901.20  | £205,173    |             |   |  |                          |                            |
|  | IDACI Band 1  | £315.34                  | £211.61                    | 1,855.48  | 945.48  | £785,181    |             |   |  | 20.00%                   | 20.00%                     |
|  | IDACI Band 2  | £630.69                  | £423.22                    | 1,685.39  | 936.39  | £1,459,255  |             |   |  | 20.00%                   | 20.00%                     |
|  | IDACI Band 3  | £946.03                  | £634.84                    | 2,172.43  | 1,140.75  | £2,779,381  |             |   |  | 20.00%                   | 20.00%                     |
|  | IDACI Band 4  | £1,261.38                | £846.45                    | 1,427.29  | 771.71  | £2,453,570  |             |   |  | 20.00%                   | 20.00%                     |
|  | IDACI Band 5  | £1,576.72                | £1,058.06                  | 1,439.08  | 729.71  | £3,041,098  |             |   |  | 20.00%                   | 20.00%                     |
| IDACI Band 6   | £1,892.07   | £1,269.67                | 632.94                     | 297.26  | £1,574,986  | 20.00%      | 20.00%      |   |  |                          |                            |
|  |   |                          |                            |   |   |             |             |   |  |                          |                            |
| 3) Looked After Children (LAC)                         | LAC X March 12  | £2,811.00                |                            | 104.18  |   | £292,854    | £1,122,795  | 0.29%                                   |  | 50.00%                   |                            |
| 4) English as an Additional Language (EAL)             | EAL 3 Primary   | £359.45                  |                            | 1,436.97  |   | £516,519    |             | 0.81%                                   |  |                          |                            |
|  | EAL 3 Secondary   |                          | £1,821.55                  |   | 172.06  | £313,422    |             |   |  |                          |                            |
| 5) Mobility  | Pupils starting school outside of normal entry dates          | £0.00                    | £0.00                      | 511.08  | 28.40   | £0          |             | 0.00%                                   |  |                          |                            |
| Description  |   | Weighting                | Amount per pupil           | Percentage of eligible Y1 and Y2-5 NOR respectively | Eligible proportion of primary and secondary NOR respectively | Sub Total   | Total       | Proportion of total pre MFG funding (%) |  | Primary Notional SEN (%) | Secondary Notional SEN (%) |
| 6) Prior attainment                                    | Low Attainment year 1   | 100.00%                  |                            | 42.92%  | 2,980.06  | £2,205,247  | £6,953,028  | 6.77%                                   |  | 100.00%                  |                            |
|  | Low Attainment % Y2-5 73                                      |                          | £740.00                    | 13.25%  |   |             |             |   |  |                          |                            |
|  | Secondary pupils not achieving (KS2 level 4 English or Maths) |                          | £2,000.00                  |   | 2,373.89  | £4,747,780  |             |   |  |                          |                            |

**Other Factors**

| Factor  | Lump Sum per Primary School (£) | Lump Sum per Secondary School (£)                       | Lump Sum per Middle School (£) | Lump Sum per All-through School (£)               | Total (£)  | Proportion of total pre MFG funding (%) |  | Notional SEN (%) |       |
|---|---------------------------------|---|--------------------------------|---|------------|---|--|------------------|-------|
| 7) Lump Sum   | £130,000.00                     | £139,150.00   |                                |   | £7,631,500 | 7.44%                                   |  |                  |       |
| 8) Sparsity factor  |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases. |                                 |   |                                |   |            |   |  |                  |       |
| Primary distance threshold (miles)  |                                 | Primary pupil number average year group threshold       |                                | Fixed or tapered sparsity primary lump sum?       | Fixed      |   |  |                  |       |
| Secondary distance threshold (miles)  |                                 | Secondary pupil number average year group threshold     |                                | Fixed or tapered sparsity secondary lump sum?     | Fixed      |   |  |                  |       |
| Middle schools distance threshold (miles)   |                                 | Middle school pupil number average year group threshold |                                | Fixed or tapered sparsity middle school lump sum? | Fixed      |   |  |                  |       |
| All-through schools distance threshold (miles)  |                                 | All-through pupil number average year group threshold   |                                | Fixed or tapered sparsity all-through lump sum?   | Fixed      |   |  |                  |       |
| 9) Fringe Payments  |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| 10) Split Sites   |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| 11) Rates   |                                 |   |                                |   | £760,078   | 0.74%                                   |  |                  |       |
| 12) PFI funding   |                                 |   |                                |   | £150,426   | 0.15%                                   |  |                  |       |
| 13) Sixth Form  |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| 14) Exceptional circumstances (can only be used with prior agreement of EFA)  |                                 |   |                                |   |            |   |  |                  |       |
| Circumstance  |                                 |   |                                |   | Total (£)  | Proportion of total pre MFG funding (%) |  | Notional SEN (%) |       |
| Additional lump sum for schools amalgamated during FY14-15  |                                 |   |                                |   | £182,000   | 0.18%                                   |  | 0.00%            | 0.00% |
| Additional sparsity lump sum for small schools  |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| Exceptional Circumstance3   |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| Exceptional Circumstance4   |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| Exceptional Circumstance5   |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |
| Exceptional Circumstance6   |                                 |   |                                |   | £0         | 0.00%                                   |  |                  |       |

|  |                     |                |                    |
|--|---------------------|----------------|--------------------|
| <b>Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)</b> | <b>£102,639,887</b> | <b>100.00%</b> | <b>£13,917,769</b> |
|--|---------------------|----------------|--------------------|

|   |                  |                                       |         |
|---|------------------|---------------------------------------|---------|
| 15) Minimum Funding Guarantee (MFG is set at -1.5%)   | £1,267,114       |                                       |         |
| Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)                       | Yes              |                                       |         |
| Capping Factor (%)  | 1.50%            | Scaling Factor (%)                    | 100.00% |
| Total deduction if capping and scaling factors are applied  | -£736,084        |                                       |         |
|   | <b>Total (£)</b> | <b>Proportion of Total funding(%)</b> |         |
| MFG Net Total Funding (MFG + deduction from capping and scaling)  | £531,029         | 0.51%                                 |         |
| High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved) |                  |                                       |         |
| Additional funding from the high needs budget   |                  |                                       |         |
| Growth fund (if applicable)   |                  |                                       |         |
| Falling rolls fund (if applicable)  |                  |                                       |         |
| <b>Total Funding For Schools Block Formula</b>  |                  |                                       |         |
| <b>£103,170,916</b>   |                  |                                       |         |
| <b>% Distributed through Basic Entitlement</b>  |                  |                                       |         |
| <b>71.44%</b>   |                  |                                       |         |
| <b>% Pupil Led Funding</b>  |                  |                                       |         |
| <b>91.50%</b>   |                  |                                       |         |
| <b>Primary: Secondary Ratio</b>   |                  |                                       |         |
| <b>1 : 1.26</b>   |                  |                                       |         |

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# Agenda Item 6



Portsmouth  
CITY COUNCIL

Agenda item: 

|   |
|---|
| 6 |
|---|

|                               |  |
|-------------------------------|--|
| <b>Title of meeting:</b>      | Schools Forum  |
| <b>Date of meeting:</b>       | 15 <sup>th</sup> October 2014                              |
| <b>Subject:</b>               | School Forum Constitution                                  |
| <b>Report from:</b>           | Julian Wooster, Director of Children's and Adults Services |
| <b>Report by:</b>             | Richard Webb, Finance Manager for Children's Services      |
| <b>Wards affected:</b>        | All Wards  |
| <b>Key decision:</b>          | No   |
| <b>Full Council decision:</b> | No   |

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## 1. Purpose of report

The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix 2. The amendments contained within this paper are intended to update the Schools Forum constitution to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

## 2. Recommendations

It is recommended that Schools Forum approve the revised constitution attached at Appendix 2 to take effect from 1<sup>st</sup> November 2014.

## 3. Background

3.1. In December 2013, Schools Forum approved the current constitution, which was amended to reflect the changes announced by the Government in June 2013, as part of the 2014-15 school funding changes, together with the expected good practice contained within the 'School Forums: operational and good practice guide – for local authorities and members of Schools Forum', published by the DfE in October 2013.

3.2. The Schools Forums (England) Regulations 2012 (as amended), which came into force on 1<sup>st</sup> October 2012, set out how the membership of schools forums should be constituted, the requirements relating to the meetings of the schools forum and their proceedings and financial issues on which forums must be consulted.

3.3. The proposals contained within this report, are intended to update the Schools Forum constitution in order to ensure that there is appropriate representation; particularly with the increasing number of schools converting to Academy status within the city.

#### 4. Proposed Changes

4.1. The membership structure is required to be reviewed regularly to ensure appropriate representation is maintained; particularly where there is a change in the number of academies in the city.

4.2. Whilst there is no specified maximum or minimum size required for a Schools Forum, it is recommended that the membership should be kept to a reasonable size. Currently there are 26 membership positions and the changes proposed below will reduce the membership number by 2 to a total of 24.

##### School Members

4.3. The School and Academy members together must number at least two-thirds (i.e. 16) of the total membership of the Schools Forum and the balance between maintained primary, maintained secondary and academies must be broadly proportionate to the pupil numbers in each category.

4.4. Since the last constitution was approved by Schools Forum, there have been 4 Academy conversions, (2 Secondary Schools and 2 Primary Schools) bringing the total number of Academies to 12.

4.5. The table below summarises the pupil numbers across the categories, (based on the October 2013 census and for Special Schools the number of commissioned places as at April 2014) and shows that Academies now account for 25% of the pupil population in the city.

| Category     | Number on Roll* Maintained Schools | %          | Number on Roll* Academies | %          | Number on Roll Total | %          |
|--------------|------------------------------------|------------|---------------------------|------------|----------------------|------------|
| Primary      | 12,486                             | 70         | 2,205                     | 38         | 14,691               | 62         |
| Secondary    | 4,974                              | 28         | 3,387                     | 58         | 8,361                | 36         |
| Special      | 267                                | 2          | 229                       | 4          | 496                  | 2          |
| <b>TOTAL</b> | <b>17,727</b>                      | <b>100</b> | <b>5,821</b>              | <b>100</b> | <b>23,548</b>        | <b>100</b> |
| %            | 75%                                |            | 25%                       |            | 100%                 |            |



4.6. It is therefore proposed to amend the structure of the Schools Forum membership in respect of the 'School Members', as shown below, in order to appropriately reflect the increasing number of Academies.

**Maintained School Members:**

|   |                           |
|---|---------------------------|
| Head teacher representative - nursery phase   | 1                         |
| Head teacher representative - primary phase   | 3                         |
| Head teacher representative - secondary phase | 2 ( <i>reduced by 1</i> ) |
| Head teacher representative - special phase   | 0 ( <i>reduced by 1</i> ) |
| Governors                                     | 5 ( <i>reduced by 3</i> ) |
| - Nursery phase                               | 1                         |
| - Primary phase                               | 2 ( <i>reduced by 1</i> ) |
| - Secondary phase                             | 1 ( <i>reduced by 2</i> ) |
| - Special phase                               | 1                         |
| <b>Total Maintained School Members</b>        | <b><u>11</u></b>          |

**Academy Representatives:**

|                                      |   |
|--------------------------------------|---|
| Primary Academy Proprietor           | 1   |
| Secondary Academy Proprietor         | 3   |
| Special Academy Proprietor           | 1   |
| <b>Total Academy Representatives</b> | <b><u>5</u></b> ( <i>increased by 3</i> ) |

**Total School Members** **16** (*reduced by 2*)

4.7. If the changes proposed above are agreed, then the split between maintained and Academy representatives will be 69% and 31%, respectively; which is closely aligned to the proportionality shown in the table at paragraph 4.5. Additionally, the summary below shows how the schools will be represented by phase (both maintained and Academy). This summary also reflects the historic allocation across the phases prior to the increase in Academies.

|                      |           |
|----------------------|-----------|
| Nursery Members      | 2         |
| Primary Members      | 6         |
| Secondary Members    | 6         |
| Special Members      | 2         |
| <b>Total Members</b> | <b>16</b> |

4.8. There are currently a number of vacancies within the existing membership; therefore the changes proposed would have limited impact on existing Members. The existing Members affected by the proposed changes and which would require them to step down are:

- i. The Head teacher representative - special (maintained)
- ii. A Head teacher representative - secondary (maintained)

4.9. The current membership and the posts requiring the appointment of new representatives for the proposed structure is shown at Appendix 1.

4.10. A maintained school member must stand down from membership of Schools Forum if their school converts to Academy status, as the member will no longer occupy the office by which he or she became eligible for election.

#### Appointment of Academy Representatives

4.11. The constitution has been updated to clarify that the Academy Proprietors are responsible for determining the nomination and election process for representatives to the Forum.

4.12. Additionally, the constitution clarifies that the Academy representatives are not restricted to only Head Teacher or Governors.

4.13. If for any reason the Proprietor bodies are unable to select Academy representatives through their election process, the Authority will seek representatives via the appropriate phase conferences.

#### Other amendments

4.14. Other minor amendments have been made to the constitution to provide further clarity in respect of the following arrangements:

- i. The role of observers to the Forum
- ii. Non-attendance by Members of the Forum
- iii. The election of the chair and vice-chair
- iv. The ability of the chair to convene additional meetings as required
- v. The Authority's role in preparing agendas, papers and minutes and their publication

## **5. Future Changes**

5.1 Within the '*Schools revenue funding 2015 to 2016 operational guide*', published by the Education Funding Agency (EFA) in July 2014, the EFA set out some minor proposals they are intending to make to the Schools Forum arrangements and upon which they intend to consult shortly. These included:

- Extending the membership of the forum to include a representative of AP academies and free schools.
- Extend the membership of the forum to include a representative of special academies and free schools.
- Extend the forum's consultation role to include the special places to be commissioned by the authority in different institutions, and the arrangements for paying top-up funding

- Extend the forum's consultation role to include the AP places to be commissioned by the authority and by schools in PRU's and other providers of AP, and the arrangements for paying top-up funding.

5.2 If following the consultation, these arrangements are introduced into the regulations; then a further report will be presented to the Forum in order to approve the required amendments to the constitution.

## **6. Reasons for recommendations**

The changes proposed within this paper are required to ensure that operation of the Schools Forum in Portsmouth is compliant with the relevant regulations and good practice guidance issued by the Department for Education.

In particular it is necessary to regularly review the Schools Forum membership to ensure that it appropriate representation is made, particularly where there is a change in the number of Academies in the city.

## **7. Equality impact assessment (EIA)**

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

## **8. Head of Legal Services' comments**

The proposed revised constitution reflects the requirements of the Schools Forums (England) Regulations 2012 (as amended).

## **9. Head of Finance's comments**

There are no financial implications contained within this report.

.....  
Signed by:

### **Appendices:**

1. Proposed Schools Forum Membership
2. Proposed Schools Forum Constitution

### **Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| <b>Title of document</b>  | <b>Location</b>   |
|---|---|
| The Schools Forums (England) Regulations 2012   | www.legislation.gov.uk  |
| 2014-15 Revenue Funding Arrangements: Operational Information for Local Authorities, June 2013                          | <a href="https://www.gov.uk/government/publications/2014-to-2015-revenue-funding-arrangements-operational-information-for-local-authorities">https://www.gov.uk/government/publications/2014-to-2015-revenue-funding-arrangements-operational-information-for-local-authorities</a> |
| Schools Forums: operational and good practice guide – for local authorities and members of Schools Forums, October 2013 | <a href="https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2013">https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2013</a>   |
| Schools revenue funding 2015 to 2016 operational guide, July 2014   | <a href="https://www.gov.uk/government/publications/fairer-schools-funding-arrangements-for-2015-to-2016">https://www.gov.uk/government/publications/fairer-schools-funding-arrangements-for-2015-to-2016</a>   |

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
 Signed by:

## Appendix 1 - Proposed Schools Forum Membership



| Name                                  | School             | Representing                      | Phase      |
|---------------------------------------|--------------------|-----------------------------------|------------|
| <b>SCHOOL MEMBERS</b>                 |                    |                                   |            |
| <b>Maintained School Members (11)</b> |                    |                                   |            |
| Karen Stocks                          | Arundel Court      | Head Teacher Representative       | Nursery    |
| Jackie Collins                        | Devonshire Infant  | Head Teacher Representative       | Primary    |
| Sarah Sadler                          | Highbury Primary   | Head Teacher Representative       | Primary    |
| Sue Wilson                            | Northern Parade    | Head Teacher Representative       | Primary    |
| David Jeapes                          | Mayfield           | Head Teacher Representative       | Secondary* |
| Gareth Hughes                         | King Richard       | Head Teacher Representative       | Secondary* |
| Fiona Calderbank                      | Miltoncross School | Head Teacher Representative       | Secondary* |
| Maggie Dunford                        | Willows            | Head Teacher Representative       | Special*   |
|                                       |                    |                                   |            |
| Mark Mitchell                         | Harbour School     | Governor                          | Special    |
| Vacant                                | -                  | Governor                          | Nursery    |
| Steve Sheehan                         | Northern Parade    | Governor                          | Primary    |
| Clive Good                            | Solent Junior      | Governor                          | Primary    |
| Bruce Marr                            | Mayfield School    | Governor                          | Secondary  |
|                                       |                    |                                   |            |
| <b>Academy Representatives (5)</b>    |                    |                                   |            |
| Alison Beane                          |                    | Solent Academies Trust            | Special    |
| Margaret Beel                         |                    | Lyndhurst Junior (Academy)        | Primary    |
| Vacant                                |                    | -                                 | Secondary  |
| Vacant                                |                    | -                                 | Secondary  |
| Vacant                                |                    | -                                 | Secondary  |
|                                       |                    |                                   |            |
| <b>NON-SCHOOL MEMBERS (8)</b>         |                    |                                   |            |
| Cllr Ken Ferret                       |                    | Labour Party                      |            |
| Cllr Lynne Stagg                      |                    | Liberal Democrat Party            |            |
| Vacant                                |                    | Conservative Party                |            |
| Vacant                                |                    | United Kingdom Independence Party |            |
| Jeff Williams                         |                    | Anglican Diocese                  |            |
| Urszula Topp                          |                    | RC Diocese                        |            |
| Steve Frampton                        |                    | 16-19 Representative              |            |
| Carole Damper                         |                    | Early Years Provider              |            |

\* One maintained Secondary Head Teacher and one maintained Special Head Teacher will need to step-down under the proposals within the report.

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**SCHOOLS FORUM CONSTITUTION**  
with effect from ~~18 December~~ November 2014

**1. Composition**

Membership of the Schools Forum should be as follows:

**Membership:**

**Maintained Schools Members:**

|  |              |
|--|--------------|
| Head teacher representative - nursery phase            | 1            |
| Head teacher representative - primary phase            | 3            |
| Head teacher representative - secondary phase          | <u>23</u>    |
| <del>Head teacher representative - special phase</del> | <del>1</del> |
| *Governors - nursery phase                             | 1            |
| Governors - primary phase                              | <u>2</u>     |
| Governors - secondary phase                            | 1            |
| Governors - special phase                              | <u>1</u>     |
|  | <u>1146</u>  |

**Academy Members:**

|   |           |
|---|-----------|
| Academy representative - primary proprietor   | 1         |
| Academy representative - secondary proprietor | <u>3</u>  |
| Academy representative - special proprietor   | 1         |
|   | <u>52</u> |

**Total School Members** **168**

**Non School Members:**

|   |           |
|---|-----------|
| Councillors – a non-executive representative<br>from each political party | <u>43</u> |
| Anglican Diocese  | 1         |
| Roman Catholic Diocese  | 1         |
| 16-19 Education Provider  | 1         |
| Early Years providers (from PVI sector)                                   | <u>1</u>  |

**Total Non School Members** **87**

**Total Membership** **245**

## Appendix 2

Named substitutes may be nominated for each representative in case of unavailability. Substitutes will be named by the appropriate electing body and will have full voting rights.

The membership structure of the schools forum will be reviewed regularly to ensure appropriate representation is maintained; particularly where there is a change in the number of academies in the city.

### Schools members:

The appropriate **Phase Conference** should elect maintained school head teacher representatives.

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~~\*Governor representatives should be in the same proportion over phases as head teacher representatives where possible and in any case there should be no more than 4 primary or 4 secondary representatives.~~ The **Governors Forum** should elect maintained school representatives. If it is not possible to appoint sufficient numbers of Governor representatives, then the additional maintained school head teachers from the relevant phase can be appointed in their place.

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Academy Members will be elected by the **Proprietor bodies** of the academies in the area, through their election processes:

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- Academies members representing mainstream Academies must be elected to the Schools Forum by the Proprietors of mainstream Academies in the Authorities area by phase.
- Academies members representing Special Academies must be elected to the Schools Forum by the Proprietors of special Academies in the Authorities area.

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The Proprietor bodies (or governing bodies) of the Academies must determine the nomination process by which Academy representatives are nominated and elected to the Portsmouth Schools Forum.

Academy members represent the Proprietor bodies of Academies and therefore are members not restricted to Head Teacher or Governors.

-If for any reason the Proprietor bodies are unable to select Academy representatives through their election process by the date notified, the Authority will seek representatives via the appropriate phase conferences.

### Non-schools members:

The local authority will be responsible for seeking nominations from relevant bodies.

The Authority may not appoint any executive member or relevant officer of the authority to their forum as a non-schools member.



Appendix 2

“executive member” means— any elected member of the authority appointed to the executive of that authority.

“relevant officer” means—

- (a) the director of children’s services of the authority,
- (b) any officer employed or engaged to work under the management of the director of children’s services, other than one who directly provides education to children or who manages such a person, or
- (c) any officer whose work involves management of, or advice on, school funding.

**Observers:**

The following additional members will have observer status, but participate fully in the debates of the Forum:

- Lead Cabinet Member for Children & Education
- Director of Children's Services
- Education Funding Agency representative (EFA)

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**2. Term of Membership**

The term of membership for **any** member, the Chair and Vice Chair shall be **two** years, but members may hold office continuously if nominated by their appropriate forum.

A forum member remains in office until—

- (a) the member’s term of office expires;
- (b) the member ceases to hold the office by virtue of which the member became eligible for election, selection or appointment to the forum;
- (c) the member resigns from the forum by giving notice in writing to the authority; or
- (d) in the case of a non-schools member, the member is replaced by the authority, at the request of the body which the member represents, by another person nominated by that body

(e) whichever comes first.

If an elected member of the Forum has not attended for three consecutive meetings the clerk shall contact those members. If the reason for non-attendance is deemed inadequate by the Forum, then their appointment will be reconsidered by the phase that they represent.

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**3. Powers and Responsibilities**

The powers and responsibilities of the Schools Forum are set out in appendix 1 attached.

#### 4. Sub groups

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Two sub groups shall meet as necessary to discuss in detail the key responsibilities of the Schools Forum and to report back:

- (1) Service Level Agreements / contracts
- (2) Capital and revenue funding / funding formula issues

Membership of sub groups will be agreed by Schools Forum and may include non-Schools Forum members.

#### 4. Meetings

The Schools Forum shall meet at least 4 times a year and are quorate if at least 40% of the total membership is present. *(This excludes any observers, and it is 40% of the current membership excluding vacancies)*

All meetings of the schools forum must be public meetings and all papers considered by the forum and the minutes of their meetings will be published on the Council website.

The members of the forum must elect a person as chair from among their number. The Forum shall elect annually a chair and vice-chair from among their number. The vice-chair has the authority to act on behalf of the chair in their absence. The chair can convene additional meetings as required.

The following persons may speak at meetings of the forum, even though they are not members of the forum-

- (a) the director of children's services at the authority or their representative;
- (b) the chief finance officer at the authority or their representative;
- (c) any elected member of the authority who has primary responsibility for children's services or education in the authority;
- (d) any elected member of the authority who has primary responsibility for the resources of the authority;
- (e) any person who is invited by the forum to attend in order to provide financial or technical advice to the forum;
- (f) an observer appointed by the Secretary of State; and
- (g) any person presenting a paper or other item to the forum that is on the meeting's agenda, but that person's right to speak shall be limited to matters related to the item that the person is presenting.

The Authority will be responsible for preparing agendas, papers and minutes of the Forum's meetings, in consultation with the chair and for their publication of such papers on the Authority's website.

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#### 5. Voting procedures

All Members are entitled to vote on all matters put to a vote, except that non-schools members, other than those who represent early years providers, must not vote on matters relating to the formulae to be used by the local authority to determine the amounts to be allocated to schools and early years providers in

accordance with regulations made under sections 47 and 47ZA of the Schools Standards and Framework Act 1998.

Only the schools members of the schools forum who are representatives of primary schools may vote to decide whether or not to authorise items to be removed from maintained schools budget shares (i.e. items that can be de-delegated) where they relate to primary schools.

Only the schools members of the schools forum who are representatives of secondary schools may vote to decide whether or not to authorise items to be removed from maintained schools budget shares (i.e. items that can be de-delegated) where they relate to secondary schools.

Voting will be based on the majority vote of those present (subject to quorate rules) with the Chair holding the casting vote if voting is equal.

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**Report to:** Schools Forum

**Subject:** Schools Modernisation Capital Programme - capital contributions from schools

**Date of meeting:** 15 October 2014

**Report from:** Julian Wooster, Director of Children's and Adults Services

**Report by:** Mike Stoneman, Strategic Commissioning Manager

**Wards affected:** All Wards

**Key decision:** No

**Full Council Decision:** No

---

## 1. Purpose of report

- 1.1 The purpose of this report is to determine the methodology that should be used to secure a contribution from schools towards the Council's annual school modernisation capital programme.

## 2. Recommendation

- 2.1 It is recommended that Schools Forum consider and approve one of the following options for school contributions to the annual school modernisation capital programme (*full details of the options are set out in paragraph 4.5*):
- a) Option 1a - All maintained schools contribute an amount equivalent to the devolved formula capital (DFC) allocation.
  - b) Option 1b - All maintained schools contribute an amount equivalent to 1% of the schools budget share.

The contributions in option 1a and 1b would be weighted as follows:

|                                    | DFC<br>Equivalent | %Budget Share<br>Equivalent |
|------------------------------------|-------------------|-----------------------------|
| Total balances Below £25,000       | Nil Contribution  | Nil Contribution            |
| Total balances £25,001 - £250,000  | 1 x DFC           | 1%                          |
| Total balances £250,001 - £500,000 | 1.5 x DFC         | 1.5%                        |
| Total balances over £500,000       | 2 x DFC           | 2%                          |

- c) Option 1c - Only maintained schools with capital projects contribute an amount equivalent to their DFC allocation, on the following basis, using the weighting methodology in option 1a above:

Scheme Value £15,001 - £50,000 – equivalent of 1 year's DFC allocation  
Scheme Value £50,001 - £100,000 – equivalent of 2 year's DFC allocation  
Scheme Value above £100,000 – equivalent of 3 year's DFC allocation

### 3. Background

- 3.1 Each year, the Council agrees a school modernisation capital programme which addresses urgent condition works in LA maintained schools. The projects which feature in the programme have been identified through Asset Management Plan meetings, condition surveys and recommendations by Education officers concerning the needs of specific pupils.
- 3.2 Last year, Education Officers submitted a bid to the Council for £5,894,000 based on Priority 1 works that needed to be undertaken. Due to the budget available (circa £1.136m) these were re-prioritised based on a risk assessment (likelihood and impact). Those with a score of 23 and above were included in the allocation.
- 3.3 Officers were disappointed not to have secured funding for six projects with a score of 20. To have achieved this would have meant an additional investment by the Council of £520,931.
- 3.4 Schools are expected to contribute to the schemes. Contributions from the schools are currently based on the size of the scheme with a maximum threshold of 25% of the total costs for Primary Schools.
- 3.5 Options for calculating the schools contribution were considered at the Schools Forum meeting on 1 May 2013. It was agreed by Schools Forum that the approach used for 2012/13 (with the exception that the 25% threshold applied to all schools and contributions were not sought for emergency lighting and fire risk associated schemes), and which officers consider to be the most affordable for schools, would continue to be applied for 2013/14. This was also confirmed at the Schools Forum meeting on 30 April 2014 when it was agreed that the same methodology be applied for the 2014/15 school modernisation capital programme.
- 3.6 The methodology applied was based on the following:

#### **Minimum DFC contribution proposed from schools (25% maximum threshold for Primary Schools)**

- Scheme Value £15,001 - £50,000 – equivalent of 1 year's Devolved Formula Capital allocation
  - Scheme Value £50,001 - £190,000 – equivalent of 2 year's Devolved Formula Capital allocation
  - Scheme Value above £190,000 – equivalent of 3 year's Devolved Formula Capital allocation
- 3.7 For schools where there were multiple schemes, the methodology described above was applied to each scheme.

- 3.8 Where schools converted to Academy status, the outstanding contributions would be deducted in calculating their final surplus or deficit.
- 3.9 In all cases contributions were subject to affordability. The existing criteria for this is set out below:
- All maintained schools are expected to financially contribute to capital works, related to school condition projects carried out at their school. The level of the contribution will be in accordance with scales agreed by Schools Forum.
  - In the following circumstances, the contributions from the schools in respect of condition projects may be recovered over an extended period (the extension will be by one financial year):
    - the school already has an on-going commitment to contribute to a previous condition project; or
    - the school has had more than one scheme approved in the current financial year which attract a contribution; and
    - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 4% (Primary/Special) and 2% (Secondary) of the schools delegated budget share.
  - In the following circumstances, the contributions from the schools in respect of condition projects may be waived:
    - the school already has an on-going commitment to contribute to a previous condition project; and
    - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 1% (Primary/Special), 0.5% (Secondary) of the schools delegated budget share
- or,
- the expected contribution would cause the school to have an in-year and overall deficit balance.

#### **4. Options for calculating the schools contribution**

- 4.1 It is proposed that a revised methodology be introduced. The existing funding mechanism, as set out in section 3 above, would be discontinued and the new methodology brought in for schemes commencing from 01 April 2015. The rationale for this is based on the volume and urgency of condition works that have been identified, and the reducing amount of capital funding that is available to the City Council. This would enable the limited amount of funding to be used on a greater number of projects.
- 4.2 Therefore, the key principles that have been used in designing the new methodology are to:

- (i) generate additional funding to enable further high priority schemes to be completed
  - (ii) ensure that the new methodology is equitable, by taking account of each school's funding level and ability to pay
  - (iii) adopt a straightforward model with minimal complexity.
- 4.3 Various options have been considered and modelled, utilising the 2014/15 capital programme data. The options put forward below, also offer an indication of the number of projects that could have been undertaken in 2014-15, had the level of contributions from the schools been different. These options also present a wide range of additional funding generated, thereby offering genuine alternatives to the current mechanism.
- 4.4 Some of the alternative options considered, modelled and rejected are outlined below, together with the reason for the rejection.
- (i) Flat Rate Charge for each phase. This proposal modelled the effect of charging various fixed sums for each band. However, it did not take account of the size of schools and failed to link to either budget share or DFC. Even with weighted adjustments for school balances this method failed to meet the objective of additional funding in an equitable and straight forward manner.
  - (ii) Straight percentage of school budget or DFC without weightings. Although, this method took account of a school's size, it failed to consider 'ability to pay' and was therefore rejected. However, Option 1(a) and (b) below use this as a base with adjustments for the level of balances held.
  - (iii) Increasing the number of bands - This method increased the number of scheme cost bands to 5 or 6 (from the 3 existing outlined in 3.6 above) with contributions between 1 - 4 years equivalent DFC. This failed to deliver any real increase in contributions as well as creating a more detailed & confusing set of parameters and was therefore rejected.
  - (iv) Straight increase in number of years' DFC contributions - The existing methodology was modelled with each band (outlined in 3.6 above) increasing by 1 year, thereby generating contributions between 2 - 4 years' DFC. This was also rejected as no real increase in contributions was apparent.
- 4.5 Set out below are the options offered for consideration to amend the current arrangements for school contributions to the schools capital programme. They have been compared to the existing contribution model to show the change in the level of contributions as well as the number of projects that could have been supported in 2014-15.
- 4.6 Option 1 considers moving to an affordable and equitable scheme whereby all schools contribute, regardless of whether they are having a capital scheme undertaken in that financial year. This collaborative approach would generate greater contributions and deliver far more schemes than is affordable under the existing mechanism. However, Option 2 offers an



alternative, similar to the existing scheme, but which takes account of a school's ability to pay.

### Option 1 - All Schools Contribute to the Capital Programme

Under this option, all maintained schools would be expected to contribute to the capital programme for condition works even if they were not receiving any works to their school, in that financial year. The contributions would be based on either:

- (a) annually contributing an amount equivalent to DFC allocations; or
- (b) annually contributing a percentage of the school budget share, depending on the level of balances held.

In order to ensure both the 'affordability' of schools to contribute as well as acknowledging the level of schools balances, the following weightings have been applied to the expected annual contributions under options 1a and 1b.

|                                    | 1(a)**<br>DFC<br>Equivalent | 1(b)*<br>%Budget Share<br>Equivalent |
|------------------------------------|-----------------------------|--------------------------------------|
| Total balances Below £25,000       | Nil Contribution            | Nil Contribution                     |
| Total balances £25,001 - £250,000  | 1 x DFC                     | 1%                                   |
| Total balances £250,001 - £500,000 | 1.5 x DFC                   | 1.5%                                 |
| Total balances over £500,000       | 2 x DFC                     | 2%                                   |

\* This is calculated on school Devolved Formula Capital for the previous financial year and weighted on the balances held at the end of the previous financial year.

\*\* This is calculated on school budget shares before de-delegation and is based on the previous year's figures and weighted on the balances held at the end of the previous financial year.

A range of different levels of contribution under both 1(a) and 1(b) were modelled. However, the options put forward are considered to achieve the required objectives, whilst offering distinct alternatives.

Under these options, schools would no longer be expected to contribute the first £5,000 or £10,000 towards urgent works, as a small contingency would be held from the contributions received. In the last year approximately £40,000 has been contributed by schools towards the cost of urgent health & safety works.

### Option 2 - Only schools with capital projects contribute

This option, based upon the existing methodology, requires only those maintained schools with projects in the final approved capital programme to contribute towards the costs. Obviously under this option the level of contributions is significantly reduced and therefore the scope to increase the number of projects undertaken is limited. The proposals under this option apply the affordability criteria, as described in option 1(a), i.e. schools with a

higher level of balances contributing either 1.5 or 2 x the calculated base level annual DFC equivalent contribution, shown below and schools with balances under £25,000 paying no contribution. The current banding mechanism has been adapted for this option as follows:

- Scheme Value £15,001 - £50,000 – equivalent of 1 year's Devolved Formula Capital allocation
- Scheme Value £50,001 - £100,000 – equivalent of 2 year's Devolved Formula Capital allocation
- Scheme Value above £100,000 – equivalent of 3 year's Devolved Formula Capital allocation

Under this option schools would still be required to contribute the first £5,000 or £10,000 towards urgent works as a much lower level of funding will have been generated.

The impact of the above options is outlined in the table below

#### Capital Scheme Financing

|                          | Existing Scheme<br>£ | Option 1 (a)*<br>£ | Option 1(b)**<br>%Budget Share<br>Equivalent<br>£ | Option 2<br>Existing Scheme<br>Adjusted<br>£ |
|--------------------------|----------------------|--------------------|---|--|
| School Contributions     | 114,678              | 542,577            | 1,022,230   | 223,606                                      |
| PCC Capital Funding      | 1,136,000            | 1,136,000          | 1,136,000   | 1,136,000                                    |
|                          | <u>1,250,678</u>     | <u>1,678,577</u>   | <u>2,158,230</u>                                  | <u>1,359,606</u>                             |
| Additional Contributions | 0                    | 427,899            | 907,552   | 108,928                                      |
| Extra Schemes Funded     | 0                    | 3                  | 8   | 1  |

*\* This is calculated on school Devolved Formula Capital for the previous financial year and weighted on the balances held at the end of the previous financial year.*

*\*\* This is calculated on school budget shares before de-delegation and is based on the previous year's figures and weighted on the balances held at the end of the previous financial year.*

4.7 The options described (in paragraph 4.5 above) are considered to be the most equitable, straight forward and appropriate to put forward, with a view to increasing the number of high priority schemes undertaken.

4.8 The option generating the greatest additional contribution is option 1(b), being a contribution equivalent to 1% - 2% of each school's budget share, depending on the level of balances held. This option takes into account a school's ability to pay ensuring an increased 'affordable' contribution, to ensure urgent capital works are carried out. Had this option been in place for 2014/15, an additional 8 high priority schemes could have been undertaken.

## **5. Contingency and risk management**

- 5.1 Within the budget for each project, there is a level of contingency of between 6 - 10% of the project value. Should an emergency project be identified during the year that is not within the school modernisation capital programme, then the following will be considered:
- to establish if any further savings within the existing programme of works can be made to fund any additional work identified
  - a review of the identified projects to establish if there are any project savings that can be made or if any project can be re-phased without causing a health and safety concern
  - finally, any urgent works that cannot be funded by the other actions would have to replace the lowest priority projects providing works have not commenced.
- 5.2 If the urgent works cannot be funded from within the existing portfolio resources, then an additional capital bid may be submitted to the Council during the financial year. Any in year bids for additional capital funding, must follow the procedures set out within the Council's constitution, which includes approval by Full Council.
- 5.3 In the case of urgent works in 2013/14 schools were required to make a minimum contribution of £5,000. In 2014/15 it was agreed that for any urgent works as described above, the school would continue to fund the first £5,000 for schemes up to a value of £15,000. For schemes of £15,001 and over the same methodology as described in paragraph 3.6 would apply looking at the equivalent of DFC contributions whilst still ensuring there is a minimum contribution of £5,000. If either option 1(a) or option 1(b) is approved, then no further contributions would be sought for urgent works.

## **6. Legal implications**

- 6.1 The Council has an obligation to ensure that the premises of schools which it maintains are maintained to prescribed standards in accordance with section 542 of the Education Act 1996 and regulations made under that section. The annual schools modernisation capital programme contributes to the fulfilment by the Council of that obligation.
- 6.2 The Full Council will determine the amount of capital funding to be made available for the purposes of the programme each year and the Cabinet Member for Children and Education has power to approve the detail of the programme.
- 6.3 In addition to specific duties to consult the Schools Forum in respect of certain matters prescribed by Regulations, the Council has a general power to consult the Forum on such matters concerning the funding of schools as it thinks fit and this report seeks the Forum's approval/views in relation to a proposed change in the methodology for determining schools' financial contributions to works within the capital programme.

**7. Head of Finance comments**

- 7.1 The report sets out the proposals for continued school contributions towards the cost of the condition projects from their delegated budgets. Contributions will not be sought for schemes relating to the removal of friable asbestos since the local authority carries the statutory burden in these areas.
- 7.2 Any on-going revenue implications will be met by individual schools through their individual budgets which are funded from the Dedicated Schools Grant (DSG).

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Signed by: Julian Wooster, Director of Children's and Adults' Services

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

| <b>Title of document</b>    | <b>Location</b>                               |
|-----------------------------|---|
| Asset Management Plan files | Housing Property Services                     |
| Condition Survey Reports    | Housing Property Services – Concerto database |
| School Organisation Plan    | Education                                     |

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Signed by: