



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 12 JULY 2017 AT 4.30PM

CONFERENCE ROOM A, SECOND FLOOR, THE CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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Membership

Schools Members

One head teacher representative - nursery phase

Three head teacher representatives - primary phase

Two head teacher representatives - secondary phase

One head teacher representative - special phase

Five academy representatives

Five governors

Non School Members

Four Councillors (one from each political party)

One representative from the following organisations:

The Anglican Diocese

The Roman Catholic Diocese

The 16-19 Representative

The Early Years Representative

(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

AGENDA

- 1 Apologies
- 2 Declarations of Interests
- 3 Membership Changes.

- 4 **Appointment of Chair and Vice Chair.**
- 5 **Minutes and matters arising from the previous meeting held on 15 February 2017.** (Pages 5 - 10)

- 6 **Schools Forum constitution.** (Pages 11 - 28)

Purpose.

The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix 1. The amendments proposed within this report 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.

RECOMMENDATIONS

It is recommended that the Schools Forum:

- a. **approve the revised constitution attached at Appendix 1 to take effect from 13th July 2017; and**
- b. **note that with the increasing number of Academies within the city, the constitution will be reviewed at least annually to ensure appropriate representation on the Forum.**

- 7 **Scheme for financing schools.** (Pages 29 - 102)

Purpose.

This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions directed by the Department for Education.

RECOMMENDATION

It is recommended that Schools Forum members representing maintained schools approve the revised Scheme for Financing Schools attached at Appendix 1, to come into force on 1 August 2017.

- 8 **2016-17 Dedicated schools grant outturn report and revised budget 2017-18.** (Pages 103 - 112)

Purpose.

The purpose of this report is to inform Schools Forum of the year-end outturn position as at the end of March 2017 for the Dedicated Schools Grant (DSG) and to propose revisions to the DSG budget for 2017-18.

RECOMMENDATIONS

It is recommended that Schools Forum:

- a. **Note the year-end outturn budget position for the Dedicated Schools Grant as at the end of March 2017 and the variance explanations contained within this report.**
- b. **Endorse the revised DSG budget for 2017-18 as set out in Appendix 1.**

9 Maintained school balances as at 31 March 2017. (Pages 113 - 130)

Purpose.

The purpose of this report is to inform Schools Forum of the level of maintained schools' revenue and capital balances as at 31st March 2017.

RECOMMENDATION

It is recommended that Schools Forum notes the level of maintained schools' revenue balances and capital balances as at 31st March 2017 as shown in Appendices 2 & 3 and the monitoring action taken by the council.

10 2017- 18 Funding formula benchmarking. (Pages 131 - 158)

Richard Webb, Finance Manager will present the attached benchmarking analysis.

11 The Harbour school. (Pages 159 - 164)

Purpose.

The purpose of this report is to update Schools Forum on the progress that has been made to address the financial and structural issues at The Harbour School (THS); whilst ensuring the educational offer to pupils is maintained and enhanced.

RECOMMENDATION

It is recommended that Schools Forum note the significant progress that has been made to address the financial and structural issues at The Harbour School and endorse the next steps that are now being taken as set out in section 4 of the report.

12 SEND capital funding for special school places (Pages 165 - 170)

Purpose.

The purpose of this report is to provide an update on the progress and costs of the works required to adapt the accommodation at both Redwood Park Academy and Cliffdale Primary Academy to support the remodelling of the Special Schools and to support children with more complex needs.

RECOMMENDATIONS

It is recommended that Schools Forum note that:

- a) **The project at Cliffdale Primary Academy will be completed in full. This will enable Cliffdale Academy to be fully equipped with sufficient and appropriate provision for primary aged pupils with more complex needs. The completion of the Cliffdale project will also enable modern modular accommodation to move to Redwood Park Academy, providing a medium-term temporary solution addressing the majority of the phase 1 requirements at Redwood Park Academy.**
- b) **£896,000 of capital funding is to be re-allocated from Redwood Park Academy to Cliffdale Primary in order to provide the necessary**

funding (of £3.096m) to complete the Clifffdale project and relocate the modular buildings.

13 Future school funding formula changes.

Richard Webb, Finance Manager will give a verbal update.

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 5

SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 15 February 2017 at 4.30pm in the Guildhall, Portsmouth

Present

Karen Stocks	Head Teacher	Nurseries
Jackie Collins	Head Teacher	Primary
Sue Wilson	Head Teacher	Primary
David Jeapes, Chair	Head Teacher	Secondary
Ian Hunkin	Head Teacher	Special
Steve Labeledz	Academy	Secondary
Clive Good	Governor	Primary
Steve Sheehan	Governor	Primary
Lynne Stagg	Councillor	Liberal Democrat
Colin Galloway	Councillor	UKIP
Carole Damper		Early Years Providers
Stella Mbubaegbu		16-19 Representative

7. Apologies

Apologies were received from Alison Beane, Fiona Calderbank, Gareth Hughes, Bruce Marr and Councillor Neill Young.

8. Declarations of Interest

No interests were declared.

9. Membership Changes.

Richard Webb, Finance Manager informed members of the following changes:

- Karen Stocks had been reappointed to represent head teachers in the nursery phase.
- Sue Wilson had been reappointed to represent head teachers in the primary phase.
- Carole Damper will be stepping down as the representative for the early years' providers after the meeting. Anthony Harper will be organising the appointment of a new representative.

10. Minutes and matters arising from the previous meeting held on 18 January 2017.

DECISION: the Schools Forum agreed the minutes of the meeting held on 18 January 2017.

Matters Arising.

Agenda item 52:

The two outstanding responses had been received and will be reviewed.

Julia Katherine will present an update on the pressures, developments and changes to High Needs in October.

11. 2017 - 2018 Early years funding arrangements.

Richard Webb introduced the report and added that at the Cabinet Portfolio meeting on 13 February, the Cabinet Member for Education had:

Approved the proposed local early years funding formula for 3 and 4 year olds, as set out within this report *and agreed that this should be reviewed as part of the budget setting process for 2018-19; with recognition of the hourly funding rate provided by the DfE.*

(The highlighted text shows the wording added to the recommendation).

This was in addition to the agreeing the other recommendations in his report.

The Schools Forum is therefore also asked to consider endorsing the amended recommendation c as set out above.

In response to questions, Anthony Harper, Service Manager: Early Year's and Children's Centres (Central Locality) and Richard Webb clarified the following points:

- Two nurseries in the north of the city are expanding. The council is reasonably confident that there will be sufficient places to meet demand.
- A letter had been presented and a deputation made to the Cabinet Member for Education. The providers explained that they felt that the national funding level was insufficient, but recognised that the Council was allocating as much funding as it could.
- The Cabinet Member has agreed that a representation be made by the Council to the DfE, to draw their attention to the concerns of some providers that the move to 30 funded hours, at the funding level proposed nationally, may reduce opportunities for cross subsidy which have benefitted providers in the past; and the need to keep under review the financial viability of sufficient provision to meet the needs of the city.
- The Cabinet Member has also agreed that the Council will explore the options available to it for supporting providers, by mitigating where possible, the increases in the provider cost base
- Any underspends on the Early Years budgets be treated in the same way as they currently are within the DSG.

Ms Damper added that providers had expressed concern regarding the significant increase in business rates.

Action

An update on the actions agreed by the Cabinet Member to be brought to a future meeting.

DECISIONS

School Members and the Early Years representative:

- a. Noted the changes made by the Department for Education to the Early Years national funding formula, following the results of the national**

consultation which closed on 22 September 2016, as summarised within this report.

- b. Noted the results of the local consultation with early years providers as set out in Appendix 1.
- c. Endorsed the proposed local early years funding formula for 3 and 4 year olds, as set out within this report and agreed that this should be reviewed as part of the budget setting process for 2018-19; with recognition of the hourly funding rate provided by the DfE.
- d. Endorsed the proposed changes to the local 2 year old funding arrangements for 2017-18 as set out within the report.
- e. Noted the work being undertaken by the Early Years Team to ensure providers are aware of potential future levels of funding, and to help providers develop their service provision to enable them to mitigate the impact of any potential reductions in funding.
- f. Agreed the funding held centrally to support the determination of the eligibility of early years pupils for prescribed early years provision, early years pupil premium and free schools meals.
- g. Endorsed the proposed changes to the Dedicated Schools Grant Budget for 2017-18 as set out in Appendix 3.

(All agreed unanimously).

12. Dedicated schools grant budget monitoring for the third quarter 2016-17.

Richard Webb introduced the report and in response to questions he and Mike Stoneman, Deputy Director of Children's Services explained that

- The final closing position for Redwood was not known yet.
- The increasing cost of out of city placements was due to both the increasing complexity of children's needs and the increasing provider costs.
- The pressure on the Post-16 budgets would be ongoing because the duty of care had been extended to 25.

DECISION the Schools Forum noted the forecast year-end budget position for the Dedicated Schools Grant as at the end 31 December 2016, together with the associated explanations contained within this report.

13. Future school revenue funding arrangements.

Richard Webb introduced the report and in response to questions explained that the DfE's illustrative funding examples for Portsmouth, showed an overall increase in funding for the city under the proposed funding arrangements. However there was some concern that the proposed distribution of the deprivation funding is creating a reduction in funding for the most deprived schools in the city.

Richard also advised that the further investigation into the proposed funding floor protection mechanism is required and it is unclear as to how long it will remain in place.

Alison Jeffery, Director of Children's Services explained that lobbying had started elsewhere and that Portsmouth should be louder in its response to the

consultation. She said that Portsmouth as a whole would benefit from the proposed national formula arrangements, although our concerns need to be expressed in relation to the deprivation funding proposals. The council's response to the DfE should therefore need to highlight these points more clearly.

The Chair noted that there would be one response from the Local Authority and one from the Schools Forum. In general terms the Forum is happy with the formula and direction but was concerned about the proposals relating to the deprivation funding allocation. He asked that Forum members provide feedback for the consultation response to Richard by early March.

The Forum noted that primary schools would lose a considerable amount of their budget.

DECISIONS The Schools Forum:

- a. **Noted the Department for Education's proposed changes to the school funding arrangements and the potential impact of these changes, as set out within this report; and in particular that:**

2018-19

- i. **2018-19 will be a transitional year. Funding to Local Authorities will be allocated on a national formula basis, but Local Authorities will continue to distribute funding to schools based on a local formula.**
- ii. **The 'Schools Block' funding will be ring-fenced within the Dedicated Schools Grant (DSG).**
- iii. **The creation of a new 'Central Schools Services Block' which will include the 'retained duties' element of the Education Services Grant (ESG).**
- iv. **The introduction in 2018-19 of a formulaic method for distributing High Needs funding from central to local government.**
- v. **The mechanism for allocating place funding to Resourced Units will be changing.**
- vi. **The proposed flexibility for local authorities to transfer funds, from the funding schools are due to receive through the schools formula to their high needs budget**

2019-20

- vii. **The implementation of a single National Funding Formula from 2019-20 (at a school level), with funding being passed directly by the Education Funding Agency.**

- b. **Endorsed the proposed draft submission of the response to stage 2, of the Department for Education's consultation, as shown at Appendix 1; subject to finalisation of the responses indicated and to specifically highlight the local concerns regarding the proposed distribution and weighting of the individual deprivation funding factors and the impact on individual schools; whilst recognising that the illustrative DfE examples show that overall Portsmouth would benefit from the proposed national formula arrangements.**

(All agreed unanimously).

14. Any other business.

Members agreed the following meeting dates:

24 May 2017

12 July 2017

18 October 2017

13 December 2017

(All meetings start at 4.30pm, except the 18 October which starts at 5pm)

There was no other business.

The meeting concluded at 5:30pm.

Chair

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Title of meeting:	Schools Forum
Date of meeting:	12 th July 2017
Subject:	School Forum Constitution
Report from:	Alison Jeffery, Director of Children's Services
Report by:	Richard Webb, Finance Manager for Children's Services
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

1.1 The purpose of this report is to seek Schools Forum approval of the revised constitution attached at Appendix 1. The amendments proposed within this report 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

2.1 It is recommended that Schools Forum:

- a. approve the revised constitution attached at Appendix 1 to take effect from 13th July 2017; and
- b. note that with the increasing number of Academies within the city, the constitution will be reviewed at least annually to ensure appropriate representation on the Forum.

3. Background

3.1. The Schools Forums (England) Regulations 2012 (as amended), together with the '*Schools Forum: operational and good practice guide*' published by the Education Funding Agency¹, set out how the membership of Schools Forums should be constituted, the requirements relating to the meetings of the schools forum and their proceedings, as well as the financial issues on which forums must be consulted.

¹ <https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015>

3.2. In October 2014, Schools Forum approved the current constitution. 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 25 membership positions and the changes proposed below will reduce the membership number by 3 to a total of 22.

School & Academy Members

4.3. The School and Academy members together must number at least two-thirds 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 further Academy conversions within the city, bringing the total number of Academies at the 1st April 2017 to 26 (41% of all schools).

4.5. The table below summarises the pupil numbers across the categories, (based on the October 2016 census and for Special Schools the number of commissioned places as at April 2017) and shows that Academies now account for 47% of the pupil population in the city.

Category	Number on Roll* Maintained Schools	%	Number on Roll* Academies	%	Number on Roll Total	%
Primary	10,305	78	5,372	46	15,677	63
Secondary	2,774	21	5,893	51	8,667	35
Special	137	1	377	3	514	2
TOTAL	13,216	100	11,642	100	24,858	100
%	53%		47%		100%	

4.6. Although Academies now account for 47% of the total pupil population in the city, this differs by phase as shown below.

Category	% Pupils in Maintained Schools	% Pupils in Academies
Primary	66	34
Secondary	32	68
Special	27	73

4.7. It is therefore proposed to update the structure of the Schools Forum membership in respect of the 'School Members' and 'Academy Members', as shown below, in order to maintain proportionate representation; based on the pupil numbers in each category.

School Members:

Head teacher representative - nursery phase	0	(reduced by 1)
Head teacher representative - primary phase	3	
Head teacher representative - secondary phase	2	
Head teacher representative - special phase	1	

Governors:

- Nursery phase	0	(reduced by 1)
- Primary phase	2	
- Secondary phase	1	
- Special phase	0	(reduced by 1)

Total School Members **9**

Academy Members:

Primary Academy Proprietor	2	(increased by 1)
Secondary Academy Proprietor	4	(increased by 1)
Special Academy Proprietor	1	

Total Academy Members **7**

Total School & Academy Members **16**

4.8. It proposed that the number of Academy members is increased by 1 for both the primary and secondary phases, in order to reflect the increased number of Academies in both these phases. The maintained primary and secondary representatives will temporarily remain at their current membership numbers. However, when a vacancy does arise in the future within this group, it is proposed that their membership numbers will each be reduced by 1.

4.9. The Special Governor post has been vacant for some time and the proposed removal of this post will not affect the existing membership.

4.10. School Members can include representatives of Nursery Schools, where there are any such schools in the Authority's area. As the Brambles Nursery School closed on the 31 March 2017, there are now no specific Nursery Schools within Portsmouth. As a consequence, it is

necessary to remove the Nursery representatives from the School Members category. These posts are currently vacant. The Early Years Representative will continue to represent all Early Years (Nursery) settings and providers on the Forum.

4.11. If the changes proposed above are agreed, then the split between maintained and Academy representatives in total will be 56% and 44%, respectively. However, by phase, the membership ratio more closely reflects the proportionality of their pupil numbers, as shown in the table below.

Category	School Members %	Academy Members %
Primary	71	29
Secondary	42	57

4.12. The summary below shows how the schools will be represented in total by phase (both maintained and Academy).

Primary Members	7
Secondary Members	7
Special Members	2
Total Members	16

4.13. 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.

Non-School Members

4.14. In addition to the above changes, it is also proposed that the Anglican and Roman Catholic Diocese posts be removed from the 'Non-School Members' category; as both of these posts have been vacant for some time.

4.15. The Director of Children's Services has written to both Diocese to inform them of this proposal and has highlighted that should they wish to be involved with the Forum in the future, we would welcome appropriate nominations for representatives for future vacant Maintained School or Academy posts, depending on the status of the Diocese schools at the time.

Other amendments

4.16. Other minor amendments have been made to the constitution attached at Appendix 1 in order to provide clarity, such the status of the meeting if the membership is not quorate. In addition, the Department for

Education's latest publication clarifying the powers and responsibilities has been included within the constitution and replaces the previous version.

4.17. The voting procedures have been updated to reflect the change to the Regulations that specify that only the school members of the schools forum who are representatives of primary schools, secondary schools, special schools (including pupil referral units) may vote to decide whether or not to authorise the redetermination of the schools budget shares by removal of the expenditure referred to in Part 7 Schedule 2 (items to be removed from maintained schools budget shares) of The School and Early Years Finance Regulations.

4.18. Lastly, the election of the chair and vice chair has been amended from annually to every two years.

5. Reasons for recommendations

5.1 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.

5.2 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.

6. Equality impact assessment (EIA)

6.1 This report does not require an Equality impact Assessment as the proposals contained within this report do not have any impact upon a particular equalities group and seek to ensure that there is appropriate representation from both maintained schools and Academies within the city, as well as by phase (i.e. primary and secondary). The proposals also seek to ensure that the Forum operates in accordance with both the statutory requirements as well as good practice guidance issued by the Department for Education.

7. Legal comments

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

8. Finance comments

8.1 There are no financial implications contained within this report.

Signed by: Alison Jeffery, Director of Children, Families and Education

Appendices:

1. Schools Forum Constitution (*including the powers and responsibilities of the Forum*)

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
The Schools Forums (England) Regulations 2012 (as amended)	www.legislation.gov.uk
Schools Forums: operational and good practice guide	https://www.gov.uk/government/publications/schools-forums-operational-and-good-practice-guide-2015

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

.....
Signed by:



Portsmouth
CITY COUNCIL

SCHOOLS FORUM CONSTITUTION with effect from 13 July 2017

1. Composition

Membership of the Schools Forum should be as follows:

Membership:

School Members:

Head teacher representative - primary phase	3
Head teacher representative - secondary phase	2
Head teacher representative - special phase	1
Governors - primary phase	2
Governors - secondary phase	1
	9

Academy Members:

Academy representative - primary proprietor	2
Academy representative - secondary proprietor	4
Academy representative - special proprietor	1
	7

Total School & Academy Members **16**

Non School Members:

Councillors – a non-executive representative from each political party	4
16-19 Representative	1
Early Years providers (from PVI sector)	1

Total Non School Members **6**

Total Membership **22**

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.

School & Academy Members:

Maintained school head teacher representatives should be elected by the appropriate **Phase Conference**.

Maintained school Governor representatives should be elected by the **Governors Forum**. If it is not possible to appoint sufficient numbers of Governor representatives, then additional maintained school head teachers from the relevant phase can be appointed in their place.

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

- 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.

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 members are 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.

“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)

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 a 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.

3. Powers and Responsibilities

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

4. Sub groups

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) Revenue funding formula matters

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*).

If a meeting is inquorate it can proceed but it cannot legally take decisions (*e.g. election of a Chair, or a decision relating to funding conferred by the funding regulations*).

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 Forum shall elect every two years 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.

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.

Only the school members of the schools forum who are representatives of primary schools, secondary schools, special schools (including pupil referral units) may vote to decide whether or not to authorise the redetermination of the schools budget shares by removal of the expenditure referred to in Part 7 Schedule 2 (items to be removed from maintained schools budget shares) of The School and Early Years Finance Regulations.

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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Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	Checks for compliance with regulations
Contracts (where the LA is entering a contract to be funded from the schools budget)	Proposes at least one month prior to invitation to tender, the terms of any proposed contract	Gives a view and informs the governing bodies of all consultations	None
Financial issues relating to: <ul style="list-style-type: none">arrangements for pupils with special educational needs, in particular the places to	Consults annually	Gives a view and informs the governing bodies of all consultations	None

Function	Local authority	Schools forum	DfE role
<p>be commissioned by the LA and schools and the arrangements for paying top-up funding;</p> <ul style="list-style-type: none"> • arrangements for use of pupil referral units and the education of children otherwise than at school, in particular the places to be commissioned by the LA and schools and the arrangements for paying top-up funding; • arrangements for early years provision; • administration arrangements for the allocation of central government grants 			
Minimum funding guarantee (MFG)	Proposes any exclusions from MFG for application to DfE	Gives a view	Approval
<p>De-delegation for mainstream schools for:</p> <ul style="list-style-type: none"> • contingencies • administration of free school meals • insurance • licences/subscriptions • staff costs – supply cover • support for minority ethnic • pupils/underachieving groups • behaviour support services • library and museum services 	Proposes	Primary and secondary school member representatives will decide for their phase. Middle schools are treated according to their deemed status	Will adjudicate where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> School improvement 			
<p>General Duties for maintained schools</p> <ul style="list-style-type: none"> services previously funded by the ESG general duties rate. Read the updated ‘Schools revenue funding 2017 to 2018: operational guide’ for more information. 	Proposes	Would be decided by the relevant maintained school members (primary, secondary, special and PRU).	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on and the criteria for allocating funding from:</p> <ul style="list-style-type: none"> funding for significant pre-16 pupil growth, including new schools set up to meet basic need, whether maintained or academy funding for good or outstanding schools with falling rolls where growth in pupil numbers is expected within three years 	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
<p>Central spend on:</p> <ul style="list-style-type: none"> early years block provision funding to enable all schools to meet the infant class size requirement back-pay for equal pay claims remission of boarding fees at maintained schools and academies 	Proposes	Decides for each line	Adjudicates where schools forum does not agree LA proposal

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> places in independent schools for non-SEN pupils services previously funded by the retained rate of the ESG admissions servicing of schools forum 			
<p>Central spend on:</p> <ul style="list-style-type: none"> capital expenditure funded from revenue – projects must have been planned and decided on prior to April 2013 so no new projects can be charged contribution to combined budgets – this is where the schools forum agreed prior to April 2013 a contribution from the schools budget to services which would otherwise be funded from other sources existing termination of employment costs (costs for specific individuals must have been approved prior to April 2013 so no new redundancy costs can be charged) prudential borrowing costs – the commitment must have been approved prior to April 2013 	<p>Proposes up to the value committed in 2016-17 and where expenditure has already been committed.</p> <p>See para 71 for Information on historic commitments. Read establishing local authority DSG baselines for more information.</p>	<p>Decides for each line</p>	<p>Adjudicates where schools forum does not agree LA proposal</p>
<p>Central spend on:</p> <ul style="list-style-type: none"> high needs block provision 	<p>Decides</p>	<p>None, but good practice to inform forum</p>	<p>None</p>

Function	Local authority	Schools forum	DfE role
<ul style="list-style-type: none"> central licences negotiated by the Secretary of State 			
Carry forward a deficit on central expenditure to the next year to be funded from the schools budget	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
Scheme of financial management changes	Proposes and consults the governing body and Head of every school	Approves (schools members only)	Adjudicates where schools forum does not agree LA proposal
Membership: length of office of members	Decides	None (but good practice would suggest that they gave a view)	None
Voting procedures	None	Determine voting procedures	None
Chair of schools forum	Facilitates	Elects (<i>may not be an elected member of the Council or officer</i>)	None

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Title of meeting:	Schools Forum
Date of meeting:	12 July 2017
Subject:	Scheme for Financing Schools
Report from:	Alison Jeffery, Director of Children, Families and Education
Report by:	Richard Webb, Finance Manager
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

- 1.1. This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions directed by the Department for Education (DfE).

2. Recommendations

- 2.1. **It is recommended that Schools Forum members representing maintained schools approve the revised Scheme for Financing Schools attached at Appendix 1, to come into force on 1 August 2017.**

3. Background

- 3.1. The latest statutory guidance for Local Authorities issued by the DfE in respect of the Scheme for Financing Schools reflects the recent changes to legislation as set out in The School and Early Years Finance (England) Regulations. The proposed Portsmouth City Council Scheme for Financing Schools attached at Appendix 1, incorporates the requirements of the statutory guidance issued by the DfE. The proposed scheme will become effective on 1st August 2017 once approved by Schools Forum.
- 3.2. Consultation on the changes to the Scheme took place between the 12 June 2017 and 23 June 2017, with Head-teachers, Governors and Finance staff and any responses to the consultation have been reflected in the final document attached at Appendix 1.

4. Proposed Revisions

4.1. The proposed Scheme has been revised to ensure consistency of language, the correct use of titles for responsible officers together with updated hyperlinks to further information. The main revisions to the scheme are listed below and reflect both the changes to the statutory guidance issued by the DfE, together with the general revisions for changes to Portsmouth City Council policies and procedures.

- | | |
|----------------------|---|
| a. Paragraph 1.1 | Reflects the statutory guidance issued by the Department for Education. |
| b. Paragraph 2.1.3.1 | Updated wording relating to Human Resource management. |
| c. Paragraph 2.3 | Reworded to clarify expectations relating to budget setting. |
| d. Paragraph 2.14 | Reflects the requirement to comply with regulations with regard to capital expenditure. |
| e. Paragraph 3.1 | Removes the detailed table and includes a reference to the budget share guidance notes for maintained and academy Special Schools, Inclusion Centres and Alternative Provision settings, which is published in separate budget share guidance. |
| f. Paragraph 3.5.1 | Includes clarification of the ownership of budget share fund paid by the Council. |
| g. Paragraph 3.6 | Removes the section relating to voluntary aided schools and loans. |
| h. Paragraph 6.2.20 | A direction from the DfE that authorities may charge for the costs incurred by the authority in administering admissions appeals, where the authority is the admissions authority and the funding for admissions appeals has been delegated to all schools as part of the formula allocation. |
| i. Paragraph 7.1 | Clarifies the standard and lower VAT rates. |
| j. Section 10 | Reflects the change in the insurance excess currently paid by the local authority. |
| k. Paragraph 11.5 | Clarifies the responsibilities of schools and provides a link to the policy documents for schools. |
| l. Paragraph 11.6 | Clarifies that the Council will give prior notice of attendance at a Governing Body meeting if practical. |
| m. Paragraph 11.10 | Clarifies the use of the budget share for community redundancies only where it does not significantly impact on the ability of the governing body to carry out its duties under the Education Act 2002. |

- n. Annex 4 Includes a reference column on the Inventory Sheet.
- 4.2. Schools were consulted on the proposed changes between the 12 June 2017 and 23 June 2017. A total of nine responses were received with 11 questions relating to the following:
- a typo on the "main changes to the Scheme" consultation document circulated with the draft Scheme for financing schools identified that changes had been made to paragraph 1.6 when they had in fact been made to paragraph 1.1;
 - clarification of the number of tenders a school should seek in respect of contracts with a value exceeding £10,000;
 - clarification around the circumstances when Schools Forum may provide financial support to schools;
 - clarification in relation to reclaimed VAT being passed back to schools;
 - clarification of the primary accountability regarding to Health and Safety; and
 - six schools sought further information relating to new section at paragraph 6.2.20.
- 4.3. The changes to paragraph 6.2.20 are directed by the DfE within latest the statutory guidance and are therefore required to be included within the Scheme. The Council has kept the cost of appeals within the total cost of delivering the statutory duty of managing the transfer groups thereby the city council would not charge schools for the cost of appeals under the current arrangements.
- 4.4. The revised version of the Scheme for Financing Schools, once approved will be issued to schools (including Head Teachers, Governors and Finance Staff) and made available on the intranet and the external website.

5. Reasons for recommendations

- 5.1 Part 4 of The School and Early Years Finance (England) Regulations 2017 sets out the responsibilities in respect of the scheme for Financing Schools, including the required content which the scheme must deal with (Regulation 30) and the requirement for members of Schools Forum who represent schools maintained by the authority to approve revisions to the Scheme (Regulation 31). The recommendations contained within this report, seek approval from the relevant Schools Forum members to the proposed changes to Portsmouth City Council's Scheme for Financing Schools in line with those Regulations.

6. Equality impact assessment (EIA)

6.1 The Scheme for Financing Schools sets out the financial relationship, procedural arrangements and the statutory duties between maintained schools and the City Council. There is no direct impact on any particular equalities group and therefore does not require an equities impact assessment.

7. Legal comments

7.1 Approval of the recommendations in this report will enable the Council to meet its statutory duties in respect of the maintenance and publication of a scheme for financing the schools which it maintains. (Section 48 and Schedule 14 of the School Standards and Framework Act 1998 and Part 4 and Schedule 5 of the School and Early Years Finance (England) Regulations 2017).

8. Finance comments

8.1 There are no financial implications arising directly from the recommendations contained within this report.

.....
 Signed by: Alison Jeffery, Director of Children, Families and Education

Appendices:

Appendix 1 - Scheme For Financing Schools

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
Statutory Guidance - Schemes for Financing Schools	https://www.gov.uk/government/publications/schemes-for-financing-schools?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-8620-29964-0

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

.....
 Signed by:



Scheme for Financing Schools

1st August 2017

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1. INTRODUCTION

1.1 The Funding Framework

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998 (SSAF Act 1998) [School Standards and Framework Act 1998](#)

Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and non-schools education budget – although at a minimum a Local Authority must appropriate its entire Dedicated Schools Grant to their Schools Budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, and included within the two categories taken together, is all expenditure, direct and indirect, on an Authority's maintained schools except for capital and certain miscellaneous items. Local Authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the Authority, subject to any limits or conditions (including gaining the approval of their Schools' Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).

Local Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the Authority in accordance with s.48 of the Act and regulations made under that section. All revisions to the scheme must be consulted on and approved by the Schools Forum, though Portsmouth City Council may apply to the Secretary of State for approval in the event of the Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the Authority.

Subject to provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget

shares on any additional purposes prescribed by the Secretary of State in regulations made under section.50 of the SSAF Act 1998)¹.

An Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. A school's right to a delegated budget share may also be suspended for other reasons (schedule 17 of the SSAF Act 1998)

An Authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and the funding delegated to schools. After each financial year the Authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements are set out in regulations, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require a Local Authority to publish their scheme and any amendments to it on a website which is accessible to the general public. Any revised version must be published by the date that the revisions come into effect, together with a statement that the revised scheme comes into effect on that date.

1.2 Role of the Scheme

The scheme will govern the financial relationship between the Authority and its maintained schools from 1st August 2017. It defines the requirements relating to financial management and associated issues under which both parties are bound.

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme will apply to all of the community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs) maintained by the Authority as listed in Annex 1. This scheme does not apply to Academy schools.

¹ Section 50 has been amended to provide that amounts spent by the Governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (section 50 (3A) of the SSAF Act)

1.3 Publication of the scheme

The Scheme for Financing Schools and any subsequent amendments will be published on the Authority's website and internal network where it is accessible to all school staff and governors.

1.4 Revision of the Scheme

The Authority will consult with all maintained schools in respect of any proposed revisions to the Scheme for Financing Schools prior to submission to the Schools Forum for approval by members of the Forum representing maintained schools. Where the Schools Forum does not approve the revisions, or only approves them subject to modifications considered unacceptable by Portsmouth City Council, Portsmouth City Council may apply to the Secretary of State for approval.

1.5 Delegation of powers to the head teacher

The governing body of each school shall consider the extent to which it wishes to delegate its financial powers to the head teacher and to record its decision annually (and any revisions) in the minutes of the governing body. The governing body must decide upon an appropriate delegation level, however the Authority recommends a level of up to £1,000 for nursery, primary and special schools and up to £5,000 for secondary schools.

Each school is required to submit an annual budget plan, which has been approved by the full governing body, by 31st May each year. For schools using the corporate EBS financial system, the budget is deemed to be submitted when it has been loaded onto the system. Schools not using the corporate system are required to send a signed copy of the approved budget to the Finance Manager for Education and Children's Services by the due date.

1.6 Maintenance of Schools

Portsmouth City Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some expenses are, by statute, payable by the governing body). Part of the way an Authority maintains its schools is through the funding system put in place under sections 45 to 53 of the SSAF Act 1998.

2. FINANCIAL CONTROLS

2.1 General Procedures

2.1.1 Application of financial controls to schools

Schools are required to abide by the provisions contained within the City Council's Financial Rules and Standing Orders. The Rules are available on the City Council's website at: [Financial Rules 1- 4](#), [Financial Rules 5-7](#) and [Contract Procedure Rules](#)., A summary of the main points relating to standing orders are given below:

- a) To protect its interest and that of the governing body the City Council's Standing Orders, amended as appropriate, will be applied to schools with delegated budgets.

Local management has been recognised in the Standing Orders on contracts by the following:

- Reference to Strategic Director or Head of Service shall include a Head of a school with delegated budgets under an approved Local management scheme;
 - Reference to committee shall include the governing body of a school;
 - The head/governing body of a school can receive and accept tenders.
- b) If a governing body of a school with a delegated budget enters into a contract, it does so on behalf of the City Council.

It is recommended that governing bodies formally adopt the Financial Rules and minute the decision.

2.1.2 Provision of financial information and reports

Schools not using the corporate accounting system are required to provide the Authority with details of anticipated and actual expenditure in an agreed format at least once every 3 months. Portsmouth City Council will interrogate financial records as appropriate for those schools using the corporate accounting system.

Under s.151 of the Local Government Act 1972 the Authority's Chief Financial Officer (Section 151 Officer) is responsible for the maintenance of proper accounting records. The Section 151 Officer therefore must approve the use of the accounting system used by schools.

At present only one accounting system has been approved for schools namely ORACLE E-business suite (EBS).

Any school wishing to operate an alternative accounting system should first seek approval from the Section 151 Officer who must be satisfied that the accounting system is sufficient to meet their statutory responsibilities.

Schools are required to keep the accounting system up to date. As a basic rule transactions should be recorded on a weekly basis as a minimum.

Schools are required to abide by the accounting policies and year-end procedures prescribed by the City Council in order that the accounts can be prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in Great Britain and the Consistent Financial Reporting (CFR) Framework.

2.1.3 Payment of salaries; payment of bills

See paragraphs 2.1.3.1 – 2.1.3.6

2.1.3.1 Human Resources Management

All Local Authority schools have been issued with a Portsmouth City Council Manual of Personnel Practice, which has been endorsed by professional associations and trade unions representing staff in schools. The manual provides information on all the major issues within the employment process. There are also supplementary appendices in these sections specifying model processes, which will enable balanced and reasonable employment decisions to be taken on a variety of subjects. Some of these relate to specific categories of staff in schools and form parts of the employment contract for staff, although generic procedures are included wherever this is appropriate.

Under Local Management, the governors will have responsibility to determine the stance they will take on various employment matters given consideration to professional Human Resources advice; adherence to the provisions of the manual (and adoption of the model processes) will mitigate the possibility of individual or collective difficulties arising. It must be emphasised that, whilst it is legitimate to "dip into" specific parts of the manual to establish the proper stance

to be adopted in a particular situation, the manual is attempting to highlight the importance of the ongoing, continuous approach towards the appointment and development of staff. In this context, issues like induction, appraisal, training and communication become a natural and obvious part of the process of employing staff.

2.1.3.2 Payment of Salaries and Wages

Schools are required to make sufficient arrangements to account properly and remunerate accurately all employed and self-employed staff in so far as they are contracted to that school.

Schools should also ensure that arrangements are in place for the timely completion of all employee related statutory returns (tax or otherwise) for all employed or self-employed staff in so far as they relate to that school.

Portsmouth City Council has the right to recover from school budget shares any penalties or fines imposed due to a schools failure to make proper arrangements or negligence (see paragraph 6.2).

2.1.3.3 Purchasing Matters

Schools are free to choose their suppliers, but may find it advantageous to use the arrangements made by the City Council for purchases from store, call-off contracts and general supplies contracts. These contracts enjoy advantageous prices due to the substantial volume of business.

Schools should seek to ensure that all payments, in so far as they relate to that school are made according to statutory regulations and/or the terms and conditions of any contractual agreements entered into so as not to incur the school or Authority any penalty costs (legal or otherwise).

The Authority will have the right to charge a school's budget share with any costs incurred as a result of a school's failure to meet its contractual or legal obligations in respect of payments.

2.1.3.4 Control of assets

Each school must maintain an inventory, which as a basic minimum includes all items with a value of over £200 or which are deemed portable and attractive.

The information required of inventory items over £1,000 should be consistent with the requirements of Portsmouth City Council's Financial Rules and should be kept up to date. A copy of the up to date inventory should be kept off site.

All disposals of inventory items must be authorised in writing by the head teacher or governing body and should include the reason for their disposal.

The inventory should be checked annually against the physical items held and discrepancies investigated and reported to the governing body.

School equipment may only be loaned to staff or pupils with the permission of the head teacher. A register of all loaned equipment should be maintained.

A model inventory log sheet is provided at Annex 4.

2.1.3.5 Accounting Policies (including year-end procedures)

Schools are required to abide by all procedures issued by Portsmouth City Council for this.

2.1.3.6 Writing off of debts

Governing bodies may approve the write off of debts up to £100; above this sum the school must request the approval of the Section 151 Officer.

2.2 Basis of accounting

Schools are responsible for ensuring that all income is accounted for properly and in accordance with Portsmouth City Council Financial Rules. Schools must also ensure that VAT is charged at the correct rate where applicable. The City Council has established administrative procedures for the collection of income, which are set out in the Financial Rules.

2.3 Submission of budget plans

Schools are required to submit a budget plan to the Local Authority (or post it on ORACLE) by 31st May each year. Schools must take account of estimated balances as at 31st March of that year in formulating a budget plan.

-

All schools are required to have their 3-year budget plan approved by the full governing body and evidenced as such in the minutes of that meeting. Similarly any revisions to the budget plan must be approved and recorded in the minutes by the full governing body.

In developing their budget plan schools should ensure they have considered :

- the objectives that the budget plan is intended to deliver;
- the assumptions which underpin its calculation;
- how spending by the school will meet the principles of Value for Money

All schools are required to review their budget plans at least half way through the financial year (each October) and make revisions as necessary. All revised budget plans should be either submitted to the Authority or posted on ORACLE, by 30th November each year, after approval by the full governing body.

Profiled budget monitoring reports (including committed expenditure) should be provided to the finance committee of the governing body for review at each meeting. For schools using ORACLE, the BB501 or BB502 are the recommended reports for the finance committee.

2.3.1 Submission of financial forecasts

Schools are required to submit a financial forecast to the Authority by 31st May each year, covering the full multi-year period for which schools have been notified of budget shares beyond the current financial year. The Authority may use the information provided as evidence to support Portsmouth City Council's assessment of Schools Financial Value Standards and to support the balance control mechanism. In order to reduce the burden on schools, it is recommended that a signed version of the 5-year budget plan produced by the school's financial modelling software is submitted.

2.4 Efficiency and Value for Money

Schools must seek to achieve efficiencies and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

2.5 Virement

Schools are free to vire monies between budget headings, as they deem necessary in pursuit of their objectives.

Governing bodies should agree the virement and expenditure limits for head teachers above which the governing body or finance sub-committee must give approval. These virement limits should be formally recorded in the minutes of the governing body meeting when they are approved.

(Virement: a measure of flexibility that allows budget-holding managers to reflect budget variances within a year)

2.6 Audit: General

Schools will be subject to the internal audit regime as determined by the City Council and the external audit regime as determined by the City Council's appointed external Auditors. Schools must provide access to all records as required and otherwise co-operate with the appointed auditors.

Specific guidance relating to the Authority's audit requirements is contained in the Financial Rules issued to all schools separately.

Schools can expect reasonable notice of any forthcoming audit unless that audit is required as a result of an irregularity financial or otherwise.

2.7 Separate external audits

Governing bodies may spend funds from their budget share to obtain external audit certification of their accounts if they wish, but this will in no way exempt them from the audit provisions contained within the City Council's financial regulations.

2.8 Audit of voluntary and private funds

Schools are required to provide evidence of independent examination and an audit certificate in respect of any voluntary and private funds and of the accounts of any trading organisations controlled by the school to both Portsmouth City Council and the Governing Body. The accounts should be submitted within three months of the appropriate year end of the fund. Any school refusing to provide audit certificates to the authority as required by the scheme is in breach of the scheme and the authority can take action on that basis.

2.9 Register of business interests

The governing body of each school must maintain a register which lists, for each member of the governing body and the head teacher:

- Any business interests they or any member of their immediate family have
- Details of any other educational establishment that they govern
- Any relationships between school staff and members of the governing body

The register must be kept up to date with notification of any changes and through annual review of entries.

The register must be made available for inspection by governors, staff, parents and the authority and must be published, for example on a publicly available website.

2.10 Purchasing, tendering and contracting requirements

Schools must abide by the Authority's regulations with regard to purchasing, tendering and contracting matters unless these regulations would require schools:

- To seek Local Authority officer countersignature for any contract for goods or services for a value below £60,000 in any one year;
- To select supplies only from an approved list;

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- To do anything incompatible with any provision of the scheme, or any statutory provision or any European Union Procurement Directive;
 - To seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year;

Schools are required to assess in advance, where relevant, the health and safety competence of contractors, taking into account Portsmouth City Council's policies and procedures.

2.11 Application of contracts to schools

Schools retain the right to opt out of Portsmouth City Council arranged contracts except where they have specifically agreed to remain bound by the contract for its entire term.

Schools wishing to opt out of a Portsmouth City Council arranged contract must notify Portsmouth City Council no later than nine months before the contract is due to expire.

Governing bodies are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts; however in most cases they do so, on behalf of Portsmouth City Council as maintainer of the school and the owner of the funds in the budget share. There are a few exceptions where contracts may be made solely on behalf of the governing body, for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

Portsmouth City Council may allocate additional sums to schools from central funds. Any such allocations will be separate from the school's budget share and subject to specific conditions detailing the purposes for which they can be used.

Any funding from centrally retained budgets will be subject to conditions setting out the purpose for which the funds may be used; while these conditions may not preclude virement (except where the funding is supported by a specific grant which the Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the schools budget share.

Portsmouth City Council reserves the right to request that earmarked funds must be returned to the City Council if they are not spent within any period stipulated by Portsmouth City Council over which schools are allowed to use the funding.

Portsmouth City Council will not make any deduction, in respect of interest costs to Portsmouth City Council, from payment to schools of devolved specific or special grant.

2.13 Spending for the purposes of the school

Subject to any provisions of this scheme and to regulations made by the Secretary of State, governing bodies are required to spend budget shares only and directly on the purposes of the school. By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by governing bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under section 50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. For example the School Budget Shares (Prescribed Purposes)(England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI2010/190) which allow schools to spend their budgets on pupils who are on the roll of other maintained schools and academies.

2.14 Capital spending from budget shares

School governing bodies may use part of their budget share to meet the cost of capital expenditure on the school premises. Schools are expected to inform Portsmouth City Council of any intended capital expenditure. If Portsmouth City Council owns the school premises, the governing body should seek the consent of Portsmouth City Council prior to the commencement of any works. If the proposed expenditure is expected to exceed £20,000 then the governing body should take into account any advice from Portsmouth City Council as to the merits of the proposed expenditure.

Governing bodies of community or voluntary controlled schools must seek the consent of Portsmouth City Council to any proposed work, which will only be withheld on health and safety grounds.

The provisions are in place to help ensure compliance with the current School Premises Regulations, DfE Construction Standards and Health and Safety legislation.

2.15 Notice of concern

The Council may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Section 151 Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of Portsmouth City Council or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the governing body restrictions, limitations or prohibitions in relation to the management of funds delegated to it.

These may include:

- Insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school.
- Insisting that an appropriately trained / qualified person chairs the finance committee of the governing body.
- Placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to Portsmouth City Council.
- Insisting on regular financial monitoring meetings at the school attended by Local Authority officers.
- Requiring a governing body to buy into Portsmouth City Council's financial management systems.
- Imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and / or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which and the time by which such requirements must be complied with, in order for the notice to be withdrawn. It will also state the actions that Portsmouth City Council may take where the governing body does not comply with the notice.

Where a governing body has complied with the requirements of a notice of concern Portsmouth City Council will write to the governing body withdrawing the notice of concern.

2.16 Schools Financial Value Standard

All Local Authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the

Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. **Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.**

All maintained schools with a delegated budget must submit the form to Portsmouth City Council by 31st March each year and annually thereafter.

2.17 Fraud

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The governing body and head teacher must inform all staff of school policies and procedures related to fraud and theft, the controls to prevent them and the consequences of breaching those controls. This information must also be included in induction for new staff and governors.

3. INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

For the purposes of this section , Budget Share includes any place led funding for special schools pupil referral units and special units

3.1 Frequency of instalments

Budget shares will be made available to the governing bodies of Portsmouth City Council's maintained schools by 1st April each year. Where schools are converting to academy status part way through a year they will receive a proportion of the budget share based on the number of months they are maintained

Schools have the right to opt for instalments of their total budget share to be paid into their own local bank account. Any requests to pay the budget share in to a school's local bank account should be made at least three months prior to the start of the relevant financial year. The local bank account should be held with an approved banking institution as agreed with the Finance Manager for Technical and Financial Planning. Such payments will be paid by bank transfer, on a monthly basis on the first banking day of each month. The proportion of budget share payable at each instalment is detailed in paragraph 3.2.

If a school uses Portsmouth City Council Payroll Services then budget share instalments will be made to their local bank account excluding estimated pay costs. Schools using alternative payroll services will be paid instalments of total budget share (i.e. including estimated pay costs).

The estimated pay costs excluded from the schools budget share instalment will be calculated based on the previous months actual salary payments (i.e. April's instalment would exclude the actual salary costs for March)

Element 3 Top up payments for pupils with high needs will be paid in advance and adjusted in accordance with the Budget Share Guidance for Special schools, Resource Units and AP units for the relevant financial year.

3.2 Proportion of budget share payable at each instalment

Payments of budget share will be made on the following basis:

First banking day of	Schools using PCC payroll services	Schools using other payroll services
	Proportion of budget share (excluding estimated pay costs)	Proportion of budget share (including estimated pay costs)
April	12%	12%
May	8%	8%
June	8%	8%
July	8%	8%
August	8%	8%
September	8%	8%
October	8%	8%
November	8%	8%
December	8%	8%
January	8%	8%
February	8%	8%
March	8%	8%

3.3 Interest clawback

Portsmouth City Council will deduct from budget share instalments paid into school bank accounts, an amount equal to the estimated interest lost by Portsmouth City Council in making the budget shares available in advance.

This interest clawback will be calculated in accordance with the formula detailed in Annex 2.

3.3.1 Interest on late budget share payments

Portsmouth City Council will add interest to late payments of budget share instalments, where such late payment is the result of a City Council error. The interest rate used will be that used for clawback calculations described above.

3.4 Budget shares for closing schools

This scheme provides for budget shares of schools for which approval for discontinuation has been secured, to be made available until closure on a monthly basis net of estimated pay costs, even where some different basis was previously used.

3.5 Bank and building society accounts

All schools have the right to have their own external bank account which is in the name of the school and into which their budget share instalments can be paid. Schools without an external bank account which have a deficit balance will lose that right until the deficit is cleared.

The Section 151 Officer is required to approve all banking arrangements for City Council establishments, including schools.

Governors will be required to follow the City Council's guidance relating to tenders for banking services when letting banking contracts.

Any school, which operates an imprest account, must reconcile and close that account prior to starting use of its own local bank account. New bank account arrangements may only be made with effect from the beginning of each financial year.

Any school wishing to have its own bank account for the first time must give Portsmouth City Council at least three months' notice. If a new account is opened, Portsmouth City Council will at the request of the school transfer immediately to the account an amount agreed by both the school and the City Council, as the estimated surplus balance held by Portsmouth City Council in respect of the school's budget share, on the basis that there is a subsequent correction when accounts for the year are closed.

Schools are not compelled to have their own bank account and may if they wish continue with current banking arrangements. The decision to opt out of the City Council's banking arrangements lies with the governing body and their decision should be recorded in the minutes of the meeting.

Schools must only have one current account and may have up to two official deposit accounts. School current accounts must have a chequebook and direct debiting facilities. Schools must set up a direct debit mandate to enable the Authority to charge for items paid for on their behalf. Schools cannot stop the direct debit.

Schools will retain all interest earned on invested balances and will bear the cost of all bank charges arising from their local arrangements.

Schools are not permitted to overdraw their bank accounts.

The Authority may make a deduction from the budget share of a school operating its own bank account, to recompense for the loss of interest incurred because funds are forwarded earlier than payments would normally be made.

3.5.1 Restrictions on accounts

The Finance Manager for Technical and Financial Planning is able to advise schools on the banking institutions at which accounts may be held. Schools wishing to use any other banking institution should seek approval from the Section 151 Officer prior to opening an account. Schools having bank accounts with other banks prior to 1st April 2001 will be allowed to retain those accounts.

This scheme allows schools to have accounts for budget share purposes, which are in the name of the school rather than Portsmouth City Council. However, if a school has such an account, the scheme will require that the account mandate should provide that Portsmouth City Council is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by Portsmouth City Council.

Budget share funds paid by the authority and held in school accounts remain authority property until spent (s.49(5) of the Act)

3.6 Borrowing by schools

School governing bodies may only borrow external monies with the written permission of the Secretary of State, with the exception of schemes with overall approval by the Secretary of State, Currently only Salix loans have such approval.

External borrowing is defined as-

- Loans from lenders (other than the City Council)
- Overdraft arrangements
- Finance leases and hire purchase contracts
- Credit cards (not purchasing cards)

Schools should consult the Finance Manager for Education and Children's Services for an opinion on the nature of any lease before entering into an agreement.

4. THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES

4.1 The right to carry forward surplus balances

Schools can carry forward from year to year any under spent portion of their budget share.

4.2 Controls on surplus balances

As schools are moving towards greater autonomy and should not be constrained from making early efficiencies and to support medium term budgeting in a tighter financial climate, the balance control (clawback) mechanism for excessive balances continues to be withdrawn.

Schools will be deemed to have excessive balances, when Primary and Special Schools have uncommitted balances in excess of 8% and Secondary Schools 5% of their budget shares.

The control framework for monitoring school balances and their intended use requires that:

- a. Schools will continue to be asked to provide a breakdown of their year-end balances between committed and uncommitted, as well as an analysis of the intended use of any committed balances. The Education and Children's Finance team will continue to co-ordinate the process.
- b. A School Balances report will be presented to both the Cabinet member for Education and Schools Forum, following the completion of the year-end closedown process. This report will provide an analysis of the balances by school and schools with significant balances may be highlighted specifically within the report.
- c. Those schools identified as potentially breaching the balance thresholds, will be asked to provide further evidence of the planned use of their balances. The information will be reported back to Elected Members, the Schools Forum and the Education Department.
- d. The Education Department will consider this information as part of its school performance and improvement service provision, school challenge and specific reviews.

In determining whether school balances are committed, schools are only permitted to assign as committed, items listed in Annex 6.

School Forum may revisit the balance control (clawback) mechanism and the above control framework from time to time and where they believe significant and excessive balances have accumulated.

4.3 Interest on surplus balances

The following interest rates will be paid on surplus balances:

- | | | |
|-------------------|---|--|
| Primary schools | - | base rate less 0.5% divided by 2 on first £20,000, 0.1% on remainder |
| Secondary schools | - | base rate less 0.5% |

Interest is payable semi-annually and interest earned during the first six months of the year is added to balances to accrue interest during the final half year.

4.4 Obligation to carry forward deficit balances

Schools will carry forward from year to year any over-spending of their budget shares.

4.5 Planning for deficit budgets

Schools may not set a deficit budget or plan to go into deficit without first discussing this with the City Council. Portsmouth City Council will require any maintained school, which has a deficit balance at 31st March to prepare and agree with the Authority, a 3 year deficit recovery plan detailing:

- The background and reasons for the school's deficit
- Budget headings the school are intending to reduce expenditure in to balance the budget and how the expenditure will be reduced
- The impact (educational and otherwise) of reducing spend in those specific area's
- The expected income and expenditure for the next 3 years

The maximum length of time allowed for repayment should not exceed 3 years except where a longer term has already been agreed. The deficit recovery plan must be agreed by the Director of Children's services and the section 151 officer. An example of a deficit recovery plan is available in Appendix 7

This process is regarded as an important management discipline, so as to support the school in managing its own affairs.

4.6 Charging of interest on deficit balances

No interest will be charged (or paid) by Portsmouth City Council in respect of a deficit balance.

4.7 Writing off deficits

The City Council cannot write off the deficit balance of any school. Portsmouth City Council will require any maintained school, which has a deficit balance at 31st March to prepare and agree with the Authority a schedule of repayment for that deficit.

The City Council may give assistance towards elimination of a deficit balance, through an allocation from a centrally held budget specified for the purpose of expenditure on Special Schools and Pupil Referral Units in financial difficulty or, in respect of mainstream schools, from a de-delegated contingency budget where this has been agreed by Schools Forum.

4.8 Balances of closing and replacement schools

The final balance of a closing school reverts to Portsmouth City Council and cannot be transferred to any other school except:

- that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010 and academy conversions (Transfer of school surpluses) regulations 2013.

4.9 Licensed deficits

See paragraph 4.5 above.

4.10 Loan schemes

Following the decision at Schools Forum on 25th September 2013, this scheme has now closed to new applicants.

5. INCOME

5.1 Income from lettings

Schools will retain all income from the letting of school buildings and schools may use income from other lettings to subsidise lettings to community or voluntary groups provided there is no net cost to the schools budget share and the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the education acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement.

Schools must however take account of directions issued by Portsmouth City Council as to the use of school premises and ensure that the City Council's procedures with regards to insurance are followed. A model hire agreement is attached at Annex 5.

Income from lettings should not be paid into voluntary or private funds held by the school.

5.2 Income from fees and charges

Schools will retain income from fees and charges except where a service is provided by Portsmouth City Council from centrally retained funds. Schools must however take account of Portsmouth City Council's policy on charging for services, which is detailed in Annex 3.

5.3 Income from fund-raising activities

Schools will retain all income from fund raising-activities.

5.4 Income from the sale of assets

School governing bodies have the right to dispose of materials or equipment purchased from their delegated budget and will retain income from the proceeds of such sales. In the case of assets purchased from non-delegated funds Portsmouth City Council will decide whether a school should retain the proceeds of sale.

Schools are reminded that inventory records should be amended to take account of all disposals.

5.5 Purposes for which income may be used

Income from the sale of Assets purchased with delegated funds may only be spent for the purpose of the school.

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

Portsmouth City Council may de-delegate funding for permitted services, without the express permission of the governing body, provided this has been approved by the appropriate phase representative of the Schools Forum.

Otherwise a schools budget share can only be charged by Portsmouth City Council without the consent of the governing body under the circumstances listed in 6.2. Portsmouth City Council will inform the school of its intention to charge and will also notify the school when it has been done.

Schools are reminded that Portsmouth City Council cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

Disputes should be directed to the Finance Manager for Education and Children's Services in the first instance, should agreement not be reached schools may escalate the dispute to the Section 151 Officer.

Portsmouth City Council must charge the salaries of school based staff to the budget share of a school at actual cost.

6.2 Circumstances in which charges may be made

6.2.1 Where premature retirement costs have been incurred without the prior written agreement of Portsmouth City Council to bear such costs (the amount chargeable being only the excess over any amount agreed by Portsmouth City Council);

6.2.2 Other expenditure incurred to secure resignations where the school had not followed Portsmouth City Council advice:

6.2.3 Awards by courts and industrial tribunals or out of court settlements against Portsmouth City Council arising from action or inaction by the governing body contrary to Portsmouth City Council's advice;

Awards against the governing body, where the City Council has joined with the governing body in the action and has expenditure as a result of the governing body not taking Portsmouth City Council's advice, the charging of the budget share with the authority expenditure protects the authority's position.

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- 6.2.4 Expenditure by Portsmouth City Council in carrying out health and safety work or capital expenditure for which Portsmouth City Council is liable where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work;
 - 6.2.5 Expenditure by Portsmouth City Council incurred in making good defects in building work funded by capital spending from budget shares, where the premises are owned by Portsmouth City Council or the school has voluntary controlled status;
 - 6.2.6 Expenditure incurred by Portsmouth City Council in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would be arranged by Portsmouth City Council;
 - 6.2.7 Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement, and the result is that monies are owed by the school to Portsmouth City Council;
 - 6.2.8 Recoveries of penalties imposed on Portsmouth City Council by the, the Contributions agency, HMRC, Teachers Pensions, the Environment Agency or other regulatory authorities as a result of school negligence;
 - 6.2.9 Correction of City Council errors in calculating charges to a budget share;
 - 6.2.10 Additional transport costs incurred by Portsmouth City Council arising from decisions by the governing body on the length of the school day, and failure to notify Portsmouth City Council of non-pupil days resulting in unnecessary transport costs;
 - 6.2.11 Legal costs which are incurred by Portsmouth City Council because the governing body did not accept the advice of Portsmouth City Council;
 - 6.2.12 Costs of necessary health and safety training for staff employed by Portsmouth City Council, where funding for training had been delegated but the training not carried out;
 - 6.2.13 Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect;
 - 6.2.14 Cost of work done in respect of teacher pension remittance and records for schools using non-Portsmouth City Council payroll contractors, the charge to be
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the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;

- 6.2.15 Costs incurred by Portsmouth City Council in securing provision specified in a statement of Special Educational Needs (SEN)/Education Health and Care Plan (EHCP) where the governing body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence special educational needs and / or specific funding for a pupil with high needs;
- 6.2.16 Costs incurred by Portsmouth City Council due to submission by the school of incorrect data
- 6.2.17 Recovery of amounts spent from specific grants on ineligible purposes;
- 6.2.18 Costs incurred by Portsmouth City Council as a result of the governing body being in breach of the terms of a contract;
- 6.2.19 Costs incurred by Portsmouth City Council or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- 6.2.20 Costs incurred by Portsmouth City Council in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools are part of the formula.

7. TAXATION

7.1 Value Added Tax

Schools should follow Portsmouth City Council's procedures for accounting for Value Added Tax (VAT) (as detailed in the Financial Rules) to enable the Authority to claim back VAT paid on expenditure relating to non-business activity and ensure that VAT is not a burden on the school's budget.

VAT must also be considered when schools receive any income, contributions or fees to ensure that any income that is subject to VAT at the standard (20%) or lower (5%) rates is accounted for correctly and only the net amount is then credited to the school.

School governors should be aware of the requirements relating to VAT registration of unofficial funds and ensure they register if appropriate.

Governors of voluntary aided schools should check their VAT status with the City Council Bank and Tax Accountant when carrying out their statutory responsibilities to maintain the external fabric of the buildings.

Further guidance and advice on matters concerning VAT can be obtained from Portsmouth City Council's Bank and Tax Accountant and the intranet via: <https://www.portsmouth.gov.uk/intranet/finance/accountancy/vat.aspx> and the VAT Guide For Schools.

7.2 CIS (Construction Industry Scheme)

Schools are required to abide by procedures issued by Portsmouth City Council in connection with CIS. Further information can be found on the Intranet via <https://www.portsmouth.gov.uk/intranet/finance/schools-finance.aspx>

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

Portsmouth City Council will determine the basis on which services from centrally retained funds will be provided to schools. In doing so Portsmouth City Council will not discriminate between categories of school except where funding has been delegated to some schools only or such discrimination is justified by differences in statutory duties. (These services include Premature Retirement Compensation [PRC] and redundancy payments but exclude centrally funded premises and liability insurance).

8.2 Provision of services bought back from Portsmouth City Council using delegated budgets

Any arrangement with a school to buy services or facilities from Portsmouth City Council is subject to a maximum term of three years from the date of agreement. Any subsequent agreement relating to the same services is limited to a period of five years. Where a contract is for the supply of catering services, the maximum initial term is five years, with a maximum extension term of seven years.

Services will be priced to generate income, which will at least cover the costs of providing these services.

8.2.1 Packaging

Services for which funding has been delegated and which are offered for buy-back by schools will be offered in a way which does not restrict school's freedom of choice among the services available. The Authority may however package related items where separation is impractical or uneconomic to Portsmouth City Council.

8.3 Service Level Agreements/Traded Services

If services or facilities are provided under a service level agreement or traded service, the terms of that agreement will be reviewed at least every three years.

Schools may buy services for a shorter term than the contract period by giving notice as set out in the terms and conditions of the relevant service's SLA / Traded service documentation. Services may also be bought on an ad-hoc basis, however these may be charged at a higher rate than longer-term contracts.

8.4 Teachers' pensions

In order to ensure the performance of the duty on the Portsmouth City Council to supply Teachers' Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Council and governing bodies of all maintained schools covered by this scheme in relation to their budget shares.

The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the Council to provide payroll services.

A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with any person other than the Council to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Council which the Council requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Council will advise schools each year of the timing, format and specification of the information required. A governing body shall also ensure that any such arrangement or agreement is varied to require Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

A governing body which directly administers its payroll shall supply salary, service and pensions data to the Council which the Council requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Council will advise schools each year of the timing, format and specification of the information required from each school. A governing body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Council within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the school's budget share.

9. PRIVATE FINANCE INITIATIVE [PFI] CLAUSES

The Council reserves the right to require a school to make such payments from its delegated budget as required under the conditions of a Private Finance Initiative (PFI) / Public Private Partnership (PPP) scheme which has been entered into with the knowledge of the governing body.

Where the PFI / PPP scheme relates to the establishment of a new school and the contracts are signed prior to the formal establishment of the governing body, then the Council will retain the right to levy charges against the schools delegated budget in respect of that contract.

10. INSURANCE

10.1 Insurance Cover

Specific guidance has been issued on the administration of insurance in a separate handbook available on Portsmouth City Council's Intranet: [Insurance Handbook](#).

Details of the legal protection for governors, both individually and collectively, in carrying out their approved duties are set out below, together with details of other cover in respect of property, employees, voluntary helpers and pupils. For the sake of brevity no mention has been made of the detailed claims procedures to be followed for individual claims under the various categories, it being the responsibility of the school or Portsmouth City Council to process such claims. Details of the claims procedures can be found in the Insurance Handbook (<https://www.portsmouth.gov.uk/intranet/documents-internal/fin-rkm-insurancehandbook.pdf>)—Terms and conditions for each policy may also apply and schools should check the new one to ensure that they comply.

The City Council's overall insurance programme is focused on the need to insure catastrophic risk exposure through external underwriters and to manage losses, which are predictable and routine through internal funding.

The general principle is that the first £1,500 of each and every claim is borne by the service (in this case the school) and the next £51,000 of each and every claim is internally funded. External insurers will underwrite only claims in excess of £52,500.

The above principles apply with any exceptions set out in the notes below.

10.2 School Governors - Officials Indemnity and Liability Cover

School governors are covered under the following headings in the course of their approved duties.

(a) Breach of professional duty by reason of negligent error

A breach of professional duty by reason of negligent error occurring and committed in good faith would be covered by the City Council's Officials' Indemnity policy, is subject to £52,500 excess for which, the school is responsible for the first £1,500 with the balance of £51,000 being met from the City Council's internal funds

(b) Claims arising out of any dishonest or fraudulent act or omission on the part of a Governor or employee

Claims in respect of any dishonest act of any governor or employee handling City Council monies are covered by the City Council's Fidelity Guarantee Policy in respect of all City funds. The City Council's external insurance cover is subject to £52,500 excess for which the school is responsible for the first £1,500 with the balance of £51,000 being met from the City Council's internal funds. Cover includes a school's share under formula funding and also funds from private funding (e.g. PTA contributions) after they have been paid into the school account. Although Schools would be able to recover monies so misappropriated, the individual(s) concerned would still be responsible for meeting any claims made by the City's insurers under the insurers rights of subrogation i.e. insurers rights to recover amounts paid to the insured.

(c) Liability at Law for Libel and Slander

Such liability is covered by the City Council through external insurers subject to £52,500 excess for which the school is responsible for the first £1,500 with the balance of £51,000 being met from the City Council's internal funds.

(d) Legal Fees

The City Council may pay legal assistance for governors taken to court for any reason connected with their responsibility as governors.

(e) Third Party Claims - Claims for Personal Injury or Loss to/of Property

Governors and staff, including volunteers, are indemnified against any third party claims arising from accidents, involving personal injury on or off the premises, for damage to, or loss of property for which the City Council has a legal liability, providing the governor or member of staff is acting within the scope of their duties, or employment respectively. The City Council will cover this risk by purchasing external insurance with a limit of £50m, which is subject to £52,500 excess for which the school is responsible for the first £1,500 with the balance of £51,000 being met from the City Council's internal funds. Any injured party must prove negligence on behalf of the Authority, its servants or agents (including governors under delegated arrangement) before any damages can be paid.

Claims arising from the use of a private motor vehicle, even though used on the business of the Authority, are not covered and so proper insurance must be held by the owner/user of the vehicle.

All claims arising from (a) to (e) above are dealt with by the Insurance Team and must be forwarded as soon as possible after receipt. Claims should merely be acknowledged and on no account should liability ever be admitted either orally or in writing. Further details of claims procedures are included in the Portsmouth City Council Insurance Handbook, which is available on PCC's Intranet: [Insurance Handbook](#)

10.3 Buildings

All City Council owned education buildings are externally insured by the Council and subject to £100,000 excess for which the school is responsible for the first £1,500 with the balance of £98,500 being met from the City Council's internal funds. Where damage is caused by a third party e.g. motor vehicle, the Insurance & Risk Officer will seek to recover the City Council's costs from the third party concerned. Any damages received will first clear any amount paid by the City Council. If all losses are recovered the excess paid by the school will be repaid.

10.4 Property and Equipment

(a) City Council Owned Contents and Equipment

City Council owned education contents are externally covered subject to £100,000 excess for which the school is responsible for the first £1,500 with the balance being met from the City Council's internal funds and external insurers.

Computers will be covered for accidental damage or loss subject to £1,500 excess to be met from school funds. The City Council's internal funds or external insurers will meet claims in excess of £1,500.

All claims will be settled on a 'new for old' basis.

(b) Equipment Hired or Loaned

Equipment hired or loaned to schools is only covered by the Council arranged insurance if it is included on the school's inventory. Schools should check that hired or loaned equipment not recorded on the inventory has appropriate insurance cover provided by the owners, or failing this, the

school should arrange insurance cover for the equipment concerned (whether it will be used on or off the school premises) through the Insurance Officer.

(c) Equipment Owned by Staff / Pupils

Equipment or property at schools which is owned by staff, pupils and voluntary helpers is not covered by any form of City Council insurance cover for theft, damage or other loss and such persons are advised to consider making their own insurance arrangements to cover this area of risk.

Property belonging to pupils is not covered and claims will only be paid where there has been some negligence on the part of the Council, its servants or agents

10.5 Employees and Others

(a) Personal Accident Cover

The Council operates a scheme of personal accident cover with certain benefits payable to employees (or in the event of death to the dependants of any employee of the City Council) in respect of death or injury sustained by accident or assault whilst on duty and whilst acting within the scope of their employment. The scheme is also extended to apply to all youth trainees, community programme workers, trainees and volunteers carrying out the functions of the Council with the approval of a duly authorised officer. Details of the scheme are held by Portsmouth City Council and on Intranet. No excess will be deducted from the settlement paid to employees but the first £1,500 will be payable by the school.

(b) Indemnity against Acts of Negligence

The City Council indemnifies all employees and voluntary helpers against claims arising from negligent acts carried out whilst acting within the scope of their employment.

(c) Student Teachers - Personal Accident/Indemnity against negligence

The City Council includes student teachers in the personal accident cover scheme for employees and others as detailed in 10.5(a) above. Similarly, student teachers are indemnified against acts of negligence as detailed in paragraph 10.5(b) above.

(d) Home Visits by Teachers

Teachers undertaking home visits to pupils are covered by the City Council's provision for personal accident and indemnity against acts of negligence as detailed in paragraphs 10.5(a) and 10.5(b) above, subject to each visit having been agreed by their senior teacher or head teacher.

10.6 Community Use of School Premises

Users of schools for community purposes, whether using the premises during the day or the evening, are covered by the City Council in relation to any accidents occurring through any defect in the premises or equipment or any negligent act of any employee or approved voluntary helper, acting within the scope of their employment. Activities undertaken as part of a formal letting are generally covered by external insurance, the premium for which is recovered through the overall letting charge. It is important that a lettings form is completed in every case whether or not it is a "free" or subsidised letting.

10.7 Events Involving Hazardous Displays

Where school events are planned involving potentially hazardous displays, such as parachute drops, helicopters, hot air balloons, motorcycle displays etc., the minimum public liability indemnity cover required from any third party giving the display is £5 million in respect of each and every occurrence. Full risk assessment must be carried out. The Insurance Officer can be contacted for advice/assistance.

10.8 School and Unofficial Funds

(a) Official/Unofficial School Funds

Official and unofficial school funds, cash or negotiables are covered subject to £1,500 excess.

10.9 Pupils and Students - Indemnity/Insurance

(a) School Activities

Whilst pupils or students are at school or engaged in approved activities off the premises, they are covered by the Council's public liability

arrangements in respect of any negligent acts committed by employees or volunteers.

(b) Pupils and Students - School Journey Insurance Policy

The City Council maintains a “blanket” insurance policy to cover all members of a school party on visits both abroad and in this country in respect of medical expenses, personal accident benefits, loss of personal property and money and public liability (including member-to-member liability).

(c) Work Experience and Participation

The school is responsible for carrying out a risk assessment and checking that the host employer is suitably insured.

PCC insurance will apply only to liabilities arising from the school's placement on a contingency basis.

Pupils and students are covered against death or injury under the City Council's personal accident cover scheme for employees and others while on work experience (see also paragraph 10.5(a)).

(d) Pupils and Students - Conveyance in Private Cars

(i) By Parents

The Road Traffic Act makes it compulsory for car insurance to include third party liability for any passenger travelling in an insured car on a public road. Any pupil/student involved in an accident would therefore have a valid third party claim against the driver of a vehicle at fault. Parents who provide occasional transport for pupils/students on a voluntary basis (or for petrol costs only) may be covered within their existing overall “social domestic and pleasure” cover, but must inform their insurers of this activity.

(ii) By Teachers

Teachers undertaking the conveyance of pupils/students will generally do so as part of their professional duty. Most insurance cover extends to give “social, domestic and pleasure” cover only. If this activity is undertaken teachers must inform their insurance companies to ensure that they are covered for the transport of pupils/students.

(e) Pupils and Students - Conveyance in Private Hire Coaches

All members of a school party travelling in a private hire coach being used for school or college purposes are automatically covered under the coach operator's passenger liability insurance (motor insurance). Schools are advised to check that any coach operator has a valid passenger liability insurance document.

10.10 School Minibus

The insurance of minibuses is the responsibility of each school. The City Council has arranged a "block" insurance policy as a means of obtaining the lowest possible premium for individual schools. Cover can be arranged through The Insurance Officer.

11. MISCELLANEOUS

11.1 Right of access to information

Governing bodies will be required to supply all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (e.g. earmarked funds) on the school.

11.2 Liability of governors

The Education Act gives governors legal protection, both individually and collectively, from any personal liability for their decisions and actions undertaken in good faith. It also exempts governors from liability for negligent action directly attributable to the spending of the school's delegated budget, for example if a faulty piece of equipment were purchased resulting in personal injury. The Act does not cover any negligence by the governing body in the exercise of powers when not directly attributable to the spending of the school's delegated budget. However Local Authorities are required to arrange appropriate insurance to protect governing bodies from negligence claims resulting from non-spending decisions. Currently governors are indemnified against all claims for negligence under the City Council's insurance arrangements.

11.3 Governors' expenses

Portsmouth City Council may delegate funds to the governing body of a school yet to receive a delegated budget to meet governor's expenses.

Under section 50(5) of the SSAF Act 1998, only allowances in respect of purposes specified in regulations issued under section 19 of the Education Act 2002 may be paid to governors from a schools delegated budget share. Schools are expressly forbidden from paying any other allowances.

Schools cannot pay governor's expenses which duplicate those paid by the Secretary of State to additional governors appointed by him for schools under special measures.

11.4 Responsibility for legal costs

Legal costs incurred by the governing body, (although the responsibility of Portsmouth City Council as part of the cost of maintaining the school unless they relate to the statutory responsibility of aided school governors for buildings) may be charged to the school's budget share unless the governing body acts in accordance with the advice of the Authority.

Where there is a conflict of interest between Portsmouth City Council and the governing body the school should contact the Section 151 Officer to seek guidance on how best to obtain legal advice.

11.5 Health and Safety

Legal responsibility and therefore primary accountability for health and safety lies with the employer as defined in the Health and Safety at Work Act 1974. In the case of community, community special, voluntary-controlled, maintained nursery and PRU schools this is the Local Authority (i.e. Portsmouth City Council).

In Portsmouth Local authority schools Governing bodies are required to have due regard to the Portsmouth City Council corporate health and safety policy. Copies of the policies can be found at [Policies - Health and Safety](https://sites.google.com/a/lea.portsmouth.sch.uk/healthandsafety/corporate-council-health-safety-policies-guides/policies) (<https://sites.google.com/a/lea.portsmouth.sch.uk/healthandsafety/corporate-council-health-safety-policies-guides/policies>)

Note: Where the school is foundation, foundation special or voluntary-aided the employer is the Governing Body. In Academies and free schools the employer is the Academy Trust. In independent schools the employer can either be the governing body or the proprietor depending on the schools individual circumstances.

11.6 Right of attendance for Section 151 Officer [CFO]

Governing bodies must permit the Section 151 Officer or any officer of the Authority nominated by the Section 151 Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his responsibilities. The Council will give prior notice of such attendance unless this is impracticable.

11.7 Special Educational Needs

Schools must use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

11.8 'Whistleblowing'

The procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial property at the school is set out in Portsmouth City Council "Whistleblowing" policy document circulated to all schools. A copy of the document can be found on the intranet via: [Whistleblowing Policy](#)

11.9 Child Protection

Schools are expected from within their budget share to release staff to attend child protection case conferences and other related events.

11.10 Redundancy and Early Retirement Costs

Section 37 of the 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. In essence, premature retirement costs are charged to school delegated budget and redundancy costs fall to Portsmouth City Council.

Premature retirement costs may be charged to Portsmouth City Council, but only with the prior agreement of Portsmouth City Council.

Redundancy costs may be charged to the school's delegated budget if there is "good reason" for it not being centrally funded.

Where staff are employed under the community facilities power, costs must be met by the school governing body and can be funded from the school's delegated budget share if the governing body are satisfied that there will be no significant interference with the performance of any duty imposed on them by section 21(2) of the Education Act 2002.

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Delegated funding

Portsmouth City Council will continue to delegate revenue funding to schools for routine maintenance, servicing and repairs.

In the case of any urgent unforeseen health & safety works (e.g. that could lead to a school closure), primary and special schools will be expected to fund a minimum of the first £5,000 and secondary schools the first £10,000. Any costs above the contribution amount may be funded from the Education Capital Contingency and the schools contribution will be subject to the methodology in place at that time as agreed by Schools Forum.

Any future programme of major capital works should be agreed at the annual Asset Management Plan (AMP) meeting and will be prioritised and put forward for funding through the annual capital bid process.

13. COMMUNITY FACILITIES

13.1 Introduction

Section 27 of the Education Act 2002 extends the power of governing bodies to provide community facilities on school sites for their pupils, families and local people, including the power to enter into arrangements with other providers, spend money and set charges for services such as healthcare, childcare and adult education. Governing bodies that choose to exercise the power conferred by s.27 of the Education Act 2002 to provide community facilities will be subject to a range of statutory controls:

- regulations made under s.28(2) can specify activities which may not be undertaken at all under the main enabling power,
- the governing body is obliged to consult its Local Education Authority (LA) and have regard to advice from the Authority (s.28(4a)),
- the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that (s.28(5)).

Alongside these, under s.28(1), the main limitations and restrictions on the power are those contained in schools' own instruments of government and in the Portsmouth Scheme for Financing Schools.

This part of the scheme does not extend to joint-use agreements; transfer of control agreements, or agreements between the Council and schools to secure the provision of adult and community learning.

Schools should be aware that mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

13.2 Consultation with the Authority – financial aspects

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult Portsmouth City Council, and have regard to advice given to them by the City Council. Governing bodies seeking to exercise the community facilities power should contact the Head of Sufficiency, Participation and Resources.

13.3 Funding agreements – Authority powers

The provision of community facilities may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

No such agreement may be entered into by the governing body without due consideration of the comments and advice of Portsmouth City Council.

Where a third party is to be involved in this way, the proposed agreement should be submitted to Portsmouth City Council for comment and advice prior to entering into any agreement. The City Council will provide such comments and advice within 6 weeks of receiving the appropriate information, and the governing body must take the comments into account when deciding whether or not to enter into the agreement.

Should such an agreement be entered into without informing Portsmouth City Council, or against the wishes of Portsmouth City Council, and in which, in the view of the City Council, may be considered prejudicial to the interests of the school or the City Council, this may lead to the suspension of the right to a delegated budget for the school.

13.4 Other prohibitions, restrictions and limitations

Section 28 of the Education Act 2002 provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools. The following restrictions apply for Portsmouth schools:

- As required by the Education Act 2002, **governing bodies will be responsible for meeting pension, redundancy or other employer-related costs for staff employed in community facilities**. Such costs may include continuous service accrued prior to employment for community purposes.
- Governing Bodies must ensure that they have in place adequate, appropriate and satisfactory arrangements to protect the financial interests of the community facility and Portsmouth City Council, as demonstrated through the establishment of a limited liability company or obtaining indemnity insurance to cover any significant financial risks.

13.5 Supply of financial information

Schools which exercise the community facilities power, and do not use the Portsmouth Oracle finance system, will provide the Authority every three months at times determined by the Authority, a summary statement, in a form determined by the Authority. This statement will show the income and expenditure for the school arising from the facilities in question for the previous six months and, on an estimated basis, for the next six months.

If the City Council considers there is cause for concern as to the school's financial management or financial consequences arising from the exercise of the community facilities power, these will be notified to the Chair of Governors. In such circumstances, financial statements may be required on a more frequent basis possibly supported by the submission of a recovery plan for the activity in question.

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework.

Schedule 3 of the Education Act 2002 provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6 Audit

The school will provide access to all records connected with exercise of the community facilities power, in order to facilitate internal and external audit of relevant income and expenditure.

Any agreements with other parties must also contain adequate provision for access by the Authority to the records and other property of those persons which relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

13.7 Treatment of income and surpluses

Except where otherwise agreed with a funding provider, whether that be Portsmouth City Council or some other person, net surpluses can be retained and carried forward.

13.8 Health and safety

The scheme provisions related to Health and Safety [Section 11.5] also relates to any operations undertaken under the community facilities power.

Any costs of securing Disclosure and Barring Service (DBS) clearance for persons involved in community activities taking place during school time will be met by the school, unless such costs can be passed on to a funding partner as part of any financial agreement.

13.9 Insurance

It is the responsibility of the governing body to make adequate arrangements for insurance against risks arising from the exercise of the community facilities power, including financial loss, taking professional advice as necessary. Portsmouth City Council may undertake its own assessment of the insurance arrangements made by a school in respect of community facilities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the school.

13.10 Taxation

Schools operating community facilities will be responsible for any charges levied by HM Revenue and Customs (HMRC) in respect of those facilities.

Schools should seek appropriate advice from Portsmouth City Council and the Local HMRC Office on any issues relating to the possible imposition of Value Added Tax on expenditure in connection with community facilities.

The school will be held liable for payment of income tax and National Insurance, in line with HMRC rules.

The school is required to follow any advice from the City Council given in relation to the Construction Industry Scheme as it relates to the community facility.

13.11 Banking

The Section 151 Officer is required to approve all banking arrangements and Governors will be required to follow Portsmouth City Council's guidance in establishing any banking services.

If the school bank account is to be used the school should ensure adequate internal accounting controls exist to demonstrate separation of funds.

Schools are reminded that, in accordance with Section 3.6 of the Scheme for Financing Schools, **they must not borrow money** from sources other than Portsmouth City Council without the written consent of the Secretary of State.

14. Annex 1 – SCHEDULE OF PORTSMOUTH SCHOOLS as at 1 July 2017

PRIMARY SCHOOLS

DfE no.	Name	Special unit type	Places
2653	College Park Infant		
2008	Copnor Primary		
3420	Corpus Christi RC Primary		
2689	Cottage Grove Primary		
2716	Craneswater Junior		
2665	Cumberland Infant		
2648	Devonshire Infant	Nurture & Assessment	12
2714	Fernhurst Junior		
2637	Goldsmith Infant		
2694	Langstone Infant		
2700	Langstone Junior		
2719	Manor Infant		
2673	Medina Primary		
2654	Meon Infant		
2645	Meredith Infant		
2005	Milton Park Primary	Autistic Spectrum Conditions	14
2658	Northern Parade Federated	Hearing Impaired	7
2697	Penhale Infant	Hearing Impaired	6
2765	Portsmouth Primary	Nurture & Assessment	10
2680	Southsea Infant	Language Impaired	8
3422	St John's RC Primary		
3212	St Jude's CE Primary		
5207	St Paul's RC Primary		
3423	St Swithun's RC Primary		
2698	Stamshaw Infant		
3214	St George's Beneficial Primary		
2670	Westover Primary		
2699	Wimborne Infant		
2705	Wimborne Junior		

SECONDARY SCHOOLS

DfE no.	Name	Special unit type	Places
4302	King Richard		
4303	Mayfield		
5413	St Edmunds	Sensory Impairment	9

SPECIAL SCHOOLS

DfE no.	Name	Special unit type	Places
7472	The Harbour School		
7750	Willows		

15. Annex 2 – INTEREST CLAWBACK FORMULA

Portsmouth City Council will calculate the interest clawback with reference to the bank of England Base Rate on the Census day immediately preceding the start of the financial year for which the budget share is being determined. For the purposes of interest clawback calculations it is assumed that staff are paid monthly on the last working day of each month and that all other expenditure is spread evenly throughout each month. Therefore the interest lost by Portsmouth City Council in paying budget shares into school bank accounts on the first day of each month is equivalent to the length of the month in days (normally 30 days) for pay costs and an average of the length of month in days (normally 15 days) for all other elements of budget share.

The interest clawback will be calculated according to one of the following formula.

A. For schools using PCC Payroll Services

The interest clawback deduction included in the budget share payment of a school will be equal to -

$$(B-P) \times 15 \text{ DAYS} \times D\%$$

where

B is the total school budget share

P is the estimated total pay cost (the proxy used will be the total actual pay cost of the previous financial year)

D is daily rate of interest (i.e. if the Bank of England Base Rate on January Census day is 6% per annum then the daily interest (D) is 6% divided by 365 = 0.0164%).

For example - based on a 30 day month

If a school's total budget share is £1,000,000 of which £800,000 are actual pay costs for the previous financial year and the Bank of England Base Rate is 5.48%.

The daily interest rate would be 0.015%.

The interest clawback deduction from the school's budget share would be

$$(1,000,000 - 800,000) \times 15 \times 0.00015 = £450$$

B. For schools not using PCC Payroll Services

The interest clawback deduction included in the budget share of a school will be equal to -

$$((B-P) \times 15 \text{ days} \times D\%) + (P \times 30 \text{ days} \times D\%)$$

where

B is the total school budget share

P is the estimated total pay cost (the proxy used will be the total actual pay cost of the previous financial year)

D is daily rate of interest (i.e. if the Bank of England Base Rate on January Census day is 6% per annum then the daily interest (D) is 6% divided by 365 = 0.0164%).

For example - based on a 30 day month

If a school's total budget share is £1,000,000 of which £800,000 are actual pay costs for the previous financial year and the Bank of England Base Rate is 5.48%.

The daily interest rate would be 0.015%.

The interest clawback deduction from the school's budget share would be:

$$\begin{aligned} & ((1,000,000 - 800,000) \times 15 \times 0.00015) + (800,000 \times 30 \times 0.00015) \\ & = \text{£}4,050 \end{aligned}$$

16. Annex 3 – CHARGES FOR SCHOOL ACTIVITIES

Portsmouth's policy on charging pupils and remission was drawn up in accordance with the requirements of Chapter III of Part VI of the Education Act 1996. Details of the policy are set out below.

1 Instrumental Music Tuition

The Education Act does not permit charging for class music tuition, group musical activities within school hours or for any tuition, whether group or individual, which is part of a syllabus for a prescribed public examination. Charging is permitted for individual instrumental music tuition when not part of the syllabus for a prescribed public examination. Charges shall not be made for either small group or for individual music tuition by LA funded staff on Council premises within normal school hours. Governing bodies should not be allowed to charge for instrumental music tuition unless it is:

- a) Provided in addition to that which Portsmouth City Council has funded and
- b) Given to individual pupils outside normal school hours.

2 Board and Lodging

The Education Act permits charges to be made for board and lodging whether or not the activity takes place in school hours, even where the education activity is provided to fulfil the requirements of a syllabus for a prescribed public examination or for statutory duties relating to the National Curriculum.

Charges should not be made for board and lodging for field study necessary for examination courses, unless sufficient field study experience is provided locally and non-residentially, at the expense of the City Council, i.e. the Council opposes charging for necessary residential activities, but not where they were merely an alternative to freely provided Local activities. Section 457 of 1996 Act makes it clear that the charging and remissions policy adopted by a school governing body may be more or less generous than the policies of the City Council provided they meet the requirements of the Act. Governing bodies are advised therefore only to charge for board and lodging either:

- a) Where the course is not the only way of meeting external examination requirements; or
- b) If the course is the only way of meeting such requirements and the school's budget component for educational visits has already been spent or committed to such courses.

3 Remissions Policy

The Education Act 1996 requires the City Council or governing body to remit any board and lodging charges if the activity is deemed to take place in school hours or is to fulfil the syllabus requirements of a prescribed public examination or of statutory duties relating to the National Curriculum for pupils whose parents are in receipt of Income Support or Family Credit. The City Council would not discourage governing bodies from remitting board and lodging charges for pupils whose parents have low income but are not eligible for Income Support or Family Credit.

4 Public Examinations and Breakage's or Damage to School Premises and Equipment

Governing bodies are allowed to pass fees for prescribed public examinations on to parents when the pupil has not been prepared by the school or where the pupil fails without good reason to complete the examination requirements. Similarly, parents can be asked to pay for the cost of wilful damage to school property or the misuse or loss of books and equipment. However, a civil action to enforce payment would need to establish a contract between the Governing Body and the parents concerned to pay the costs in question. If the matter were to be considered by a Court, the school would have to demonstrate the existence of a valid contract. Head teachers are therefore advised to ensure that a specific statement of policy is included in the school brochure and that parents, for examination entries, should be expected to be given written acceptance of responsibility for the fee before the pupil is entered.

5 Voluntary Contributions

Voluntary contributions from parents should be seen as the normal method of funding activities, including educational visits, which are considered valuable and which the school is unable otherwise to fund.

6 "Third Party" Arrangements

Governing bodies are advised against the third party approach set out in paragraph 18 of Circular 2/89. They would be expected also to deny leave of absence to either pupils or staff to take part in educational visits organised by a third party and should inform parents or staff of the Council's advice against such arrangements and the reasons for that advice. If a governing body with delegated personnel powers uses those powers to approve leave of absence of a member of staff, the governing body should expect to give leave of absence without pay. The third party

will then need to enter into a separate contract with the member of staff and assume liability for any negligence.

17. Annex 4 – INVENTORY SHEET

School:

Page Number:

<i>Item Reference number</i>	<i>Item Description</i>	<i>Model and/or Serial No. (if applicable)</i>	<i>Order no. (or other source)</i>	<i>Date Received</i>	<i>Cost (£)</i>	<i>Location held / Person to whom issued</i>	<i>Dates of Physical Stock Checks and Initials</i>	<i>Date of Disposal and Authority</i>

RECORD OF EQUIPMENT ISSUE

School:

Page Number:

<i>Date of Issue</i>	<i>Details of Equipment Including Serial No</i>	<i>Reason for Issue</i>	<i>Signature of Recipient</i>	<i>Issue Approved by (signature)</i>	<i>Period of Issue</i>	<i>Equipment Returned (date)</i>	<i>Equipment Received by (signature)</i>

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DISPOSAL OF EQUIPMENT AND FURNITURE

School:

Page Number:

<i>Item Ref number</i>	<i>Quantity</i>	<i>Description</i>	<i>Make and Serial Number</i>	<i>Date Supplied (if known)</i>	<i>Approx. Value (if known)</i>	<i>Recommended Method of Disposal</i>	<i>Approved Method of Disposal</i>

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Disposal requested by Head teacher (Signature)

Date

Disposal authorised by Chair of Governors (Signature)

Date

18. Annex 5 – HIRE OF SCHOOL FACILITIES

Name and Address of Applicant

.....
.....
.....

Telephone Number

If invoices are to be sent to another person please state the name and address

.....
.....
.....

Name of Club / Organisation

.....

Facilities Required

.....
.....

Purpose of Hire

.....
.....

Age Group of Members

Start Date **End Date**

Start Time **End Time**

Day/s required

Terms and Conditions

1. The use of the building is subject to Portsmouth City Council’s public liability insurance. However, the school reserves the right to request proof of additional public liability insurance in respect of the groups activities whilst using school facilities.
2. The school has the right to cancel the hire should the facilities be required for a school function.
3. The school may make additional charges in respect of damage caused to the building/property of the school through negligence or wilful intent.
4. Payment for the letting is required on receipt of the invoice (issued monthly in advance).
5. The charges will be in accordance with those agreed by the governing body.
6. For lettings of sporting facilities VAT will be charged at the standard rate unless the following criteria are fulfilled:-
 - ▶ Single lets for a continuous period of over 24 hours to the same person.
 - ▶ A series of lets that cover 10 or more consecutive sessions.
 - ▶ Each session is for the same sport.
 - ▶ Each session is at the same premises.
 - ▶ Intervals between sessions are at least one day and not more than 14 days.
 - ▶ The series is paid for as a whole.
 - ▶ The let is to a school, club, association etc.
 - ▶ There is exclusive use by the lessee.

Refunds are not given in the event of cancellation by the client.

7. The applicant is over 18 years old.

I/We have read and accept the regulations relating to the hire, and agree to abide by the general terms and conditions communicated to me.

Signed:.....

Name in Full:

For and on behalf of:

Date:.....

Office use only

This section will be returned to you as soon as the booking has been authorised.

Name of applicant:

Address:

.....

.....

Facilities required:

.....

Date/s required:

Time/s required:

Charge to be made (per hour/session):

Authorised by name:

Position held:

Date authorised:

19. Annex 6 – PERMITTED SPECIFIC PURPOSES FOR THE USE OF SURPLUS FUNDS

- Valid orders placed through the financial system, but for which the goods have not been received.
- Funds held on behalf of other schools by fund holder schools (e.g. cluster funding).
- Balances held for specific community projects e.g. nursery provision, children's' centres, extended services.
- Contribution towards capital works with the school (where alternative capital resources have been exhausted). A clear statement of intent signed by the Chair of Governors. (subject to clawback if not delivered in stated timescales - maximum 3 years).
- Providing consistency in staffing levels where numbers on roll are predicted to fluctuate within the next year (note that a reasonable commitment would be £3,000 per pupil and forecast variations in pupil numbers should be given).
- Unexpected funds received by the school near the year-end which will be utilised for a specific purpose in the following financial year.

20. Annex 7 - A school deficit recovery plan

Background

The deficit recovery plan should include a brief paragraph or two explaining what is causing the school to forecast a budget shortfall and why this is causing the school to move into a deficit position.

Deficit reduction plan

The budget deficit reduction plan should include a description of how the school is proposing to bring the budget back into balance.

This section should list the various budget headings the school are intending to reduce spend in and how you expect to achieve these reductions, or budget headings where the school intend to increase income and how you expect to increase the income.

Impact of reducing costs

By reducing costs in the various areas named above the school will need to assess what the possible impact on the school is of reducing spend and explore them in this section

Certain costs may be one off and have no adverse impact going forward, others could have an adverse impact going forward and those risks should be described.

Forecast budget for 3 years

Below is an example of a summary budget from the schools budgeting system. A deficit recovery plan would normally include a high level summary such as this and a more detailed breakdown.

A school should also consider how they intend to monitor the plan to ensure that the expected deficit reduction is achieved, and any actions the school will take if the monitoring indicates that the planned reductions will not be met.

Annex 7 - A school deficit recovery plan

Summary Report for TEST School

DfE: xxxx

	2015 - 16	2016 - 17	2017 - 18	2018 - 19
PLASC Nos				
FTE Teacher	70.55	70.55	70.24	70.23

A school - Summary Income and Expenditure Projections

CFR Code	Details	2015 - 16	2016 - 17	2017 - 18	2018 - 19
Income					
I01 - I04 / I14	Individual School Budget	(5,010,500)	(5,100,000)	(5,125,000)	(5,200,000)
I05	Pupil Premium	(400,000)	(376,955)	(380,176)	(376,955)
I06 - I07	Other Grants	(3,000)	0	(5,000)	0
I08 - I13	Other Income	(58,000)	(60,000)	(62,000)	(64,000)
I15 - I18	Com. Foc. Schools Income	(20,500)	(67,015)	(67,315)	(67,615)
Total Income		(5,492,000)	(5,603,970)	(5,639,491)	(5,708,570)

Expenditure					
E01 - E02 / E26	Staff Costs - Teaching	3,250,000	3,250,000	3,200,000	3,200,000
E03 - E07	Staff Costs - Support	1,101,100	1,090,000	1,090,000	1,100,000
E08 - E11	Other Employment Costs	55,050	40,000	60,000	55,050
E12 - E18	Occupancy Costs	485,688	448,014	440,000	452,806
E19 - E21	Learning Resources	375,761	396,761	400,000	416,761
E22 - E25 / E27 - E30	Other Costs	384,118	370,048	369,118	369,118
E31 - E32	Com. Foc. School Costs	0	0	0	0
Total Expenditure		5,651,716	5,594,823	5,559,118	5,593,735

In Year (Surplus) / Deficit	159,716	(9,147)	(80,373)	(114,835)
(Surplus) / Deficit Brought Fwd	(50,000)	109,716	100,569	20,196
Cumulative (Surplus) / Deficit C/Fwd	109,716	100,569	20,196	(94,639)

DECLARATIONS

This 3 year budget for
Governing Body at
their meeting on:

School was approved by the

Date:

Head Teacher: _____

Date:

Chair of Governors:

Date:



Title of meeting:	Schools Forum
Date of meeting:	12 th July 2017
Subject:	2016-17 Dedicated Schools Grant Outturn Report and Revised Budget 2017-18
Report from:	Alison Jeffery, Director of Children's Services
Report by:	Richard Webb, Finance Manager
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

The purpose of this report is to inform Schools Forum of the year-end outturn position as at the end of March 2017 for the Dedicated Schools Grant (DSG) and to propose revisions to the DSG budget for 2017-18.

2. Recommendations

It is recommended that Schools Forum:

- a. Note the year-end outturn budget position for the Dedicated Schools Grant as at the end of March 2017 and the variance explanations contained within this report.
- b. Endorse the revised DSG budget for 2017-18 as set out in Appendix 1.

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original DSG budget for the financial year 2016-17, was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2016, with subsequent changes approved throughout the financial year. This report provides Schools Forum with the year-end outturn position as at 31st March 2017.

4. Dedicated Schools Grant

4.1. The table below sets out the DSG final outturn position as at the 31st March 2017.

DEDICATED SCHOOLS GRANT	<i>Original Estimate 2016/17 £000's</i>	<i>Revised Estimate 2016/17 £'000's</i>	<i>Outturn £'000's</i>	<i>over/ (under) spend £'000's</i>
DSG : Devolved				
Primary ISB	46,665	43,810	43,810	0
Secondary ISB	19,141	19,141	19,141	0
Special school place funding	2,837	2,666	2,684	18
Resource unit place funding	635	635	635	0
Alternative provision place funding	1,530	1,297	1,297	0
Total Devolved DSG	70,808	67,549	67,567	18
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,285	1,339	1,047	(292)
Early Years	10,979	11,269	11,049	(220)
High Needs	10,446	10,616	10,817	201
Contribution to capital programme	0	0	2,000	2,000
Total expenditure	93,518	90,773	92,480	1,707
DSG and other Specific Grants	(93,210)	(90,424)	(90,644)	(220)
DSG Brought Forward	(308)	(5,048)	(5,048)	0
DSG Carried Forward	0	4,699	3,212	(1,487)
Total Income DSG	(93,518)	(90,773)	(92,480)	(1,707)
TOTAL Dedicated Schools Grant	0	0	0	0

The figures in the above table are subject to rounding to the nearest £1,000 and may not calculate exactly.

4.2. The variances shown in the table above are explained in more detail in the following sections.

De-Delegated budgets, growth fund and centrally retained

4.3. The underspend in this area of the budget is mainly due to the schools specific contingency which was underspent as expected by £132,500; Schools Forum has agreed previously to carry the underspend forward into 2017-18 for use for the same purpose.

4.4. There was also an underspend in the growth fund of £72,700, together with adjustments in recoupment relating to schools converting to academy status.

Impact of Academy conversions on the Primary, Secondary and Special Individual Schools Budgets (ISB) & De-Delegated Budgets

- 4.5. During 2016-17 two mainstream schools converted to academy status along with Redwood Park special school. The table below shows the adjustments made to the budgets during the year, to reflect these conversions, for the Primary and Secondary Individual School Budgets (ISB) as well as the De-Delegated Budgets.

	Original Budget as at April 2016 £000's	Impact of Academy Conversions £000's	Revised Budget (as shown above) £000's
Primary ISB	46,665	(2,855)	43,810
Secondary ISB	19,141	0	19,141
De-Delegated and Growth	897	(20)	877

- 4.6. The Special ISB budget has also been adjusted to reflect recoupment of place funding by the Department for Education (DfE) relating to the conversion of Redwood Park School to academy status.

Special School place funding

- 4.7. The overspend of £18,000 in this area of the budget is due to the additional place funding paid to Mary Rose special academy during the year. The academy had an additional 8 pupils placed with them throughout the year, in excess of the agreed commissioned places, which exceeded the anticipated budget requirement by 3 pupils. The overspend has been partially offset by an underspend in the budgeted additional places required at Cliffdale special academy, where the authority placed 11 children at the school while the expected requirement was 12 places.

Early Years

- 4.8. The overall early years block underspent by £220,000 in 2016-17. The main reason for the variance was a decrease in the numbers of 2 year olds accessing early education in the city.
- 4.9. The numbers reduced from 740 Full Time Equivalent (FTE) in the autumn term 2016 to 683 in the spring term 2017. The numbers had also dropped when compared to the same term last year 735 and 683 respectively. This underspend had not been previously forecast within the budget monitoring reports as the relevant census data used to generate payments to early education providers was not finalised until after the end of quarter 3.
- 4.10. Any reduction in child numbers accessing education at the time of the January census will result in a reduced Early Years funding allocation from the DfE.

High Needs

- 4.11. The High Needs budgets are the most volatile area of the DSG budget, due to a significant proportion of the funding being linked to pupil needs and movements. At the end of 2016-17, the overall High Needs budget was over spent by £201,000, the reasons for which are explained in the paragraphs below.

Pupils with SEND in mainstream schools

- 4.12. As previously reported, the number of requests for Education, Health and Care Plan (EHCP) assessments from mainstream schools during 2016-17 has doubled (from 130 to 260) when compared 2015-16. Most requests were agreed, indicating that there is sufficient evidence to justify an assessment.
- 4.13. The increase in finalised EHC Plans has led to an increase in the Element 3 funding being paid to mainstream schools to support children with high needs where the cost of additional support exceeds the £6,000 which is expected to be met by the school. The numbers of pupils with an EHCP in mainstream schools has increased during 2016-17 by 57 from 246 to 303 with the majority of the increase in July and August 2016.
- 4.14. For 2016-17 the level of funding being provided to mainstream schools exceeded the budget by £234,000 and is in line with our reported forecast in the quarter 3 monitoring report.

Out of City Placements

- 4.15. The overspend in this area of the budget is due to the average cost of placements being higher than in previous years, (£47,800 in 2016-17 compared to £43,328 in 2015-16), due to both an increase in the complexity of need and growing cost pressures from providers. The final overspend amounted to £204,000 which is £126,000 less than previously reported due to two changes in high cost placements towards the end of the year, and the actual costs of the children placed by the Child and Adolescent Mental Health Service (CAMHS) being less than estimated.
- 4.16. The numbers of children being placed out of the city remains relatively low and consistent with 2015-16 at 37. The overspend also includes the cost for seven children placed by the Child and Adolescent Mental Health Service (CAMHS) being supported from this budget, the costs of these placements was £90,000 in 2016-17.

Post 16 Funding

- 4.17. It was reported in the third quarter budget monitoring report that, in September 2014 the Children and Families Act introduced further responsibilities on the Council for children in post 16 education. The act extended the age range from post 16 to include children in education from 19 to 25 without providing specific funding. The effect of this policy change has led to an increase in the numbers of children remaining in further education beyond 18. As at the end of the financial year the authority was supporting 21 young people in the 19 to 25 age bracket. The final overspend of £233,000 at the end of the financial year, which was slightly higher than the £167,000 forecast overspend previously reported due to the late confirmation of the academic year intake at some colleges and post 16 providers.

Financial support for special schools in financial difficulty

- 4.18. In October 2016 financial support for Redwood Park Special School was approved by the Cabinet Member for Education and endorsed by Schools Forum. The additional allocation to the school was agreed at £500,000, however the Authority has worked closely with the Interim Executive Board to minimise the financial support required by the school. The final amount of financial support required to be allocated to school amounted to £483,400.

Element 3 top up funding

- 4.19. In setting the budget for 2016-17, funding was set-aside to meet the Element 3 top-up funding costs of the expected additional pupils at Mary Rose & Cliffdale Special Schools from September 2016, as well as the potential "band creep" arising from the new intake of pupils in September. Due to the numbers of Children placed at the schools by other local authorities (24), for which the commissioning authority pays any top up, the actual level of funding required to meet these expected pressures, was less than had been budgeted for; leading to an under spend at the end of the financial year, which was slightly higher than our forecast estimate reported in quarter 3.
- 4.20. In addition, there was an underspend in respect of the Alternative Provision and Resourced Units; as a result of lower than previously anticipated numbers of pupils being placed by the City Council in these settings.
- 4.21. The underspends arising in this area of the budget have been used to partially offset the other areas of overspend within the High Needs block detailed above, resulting an overall nett overspend of £201,000.

Contribution to Capital Programme

- 4.22. Following agreement by both Cabinet Member and Schools Forum, it was reported during 2016-17 that the Council had received approval from the Secretary of State for Education to transfer £2m to capital programme. The funding will be used to remodel the Special Schools within Portsmouth to enable them to support pupils with more complex needs. The £2m contribution has now been transferred to the capital programme.

Dedicated School Grant and Carry Forward

- 4.23. The variance of £220,000 in the DSG grant allocation relates to an adjustment for the 2015-16 financial year for children accessing early education. The funding is based on the spring 2016 census which is finalised in the following July.
- 4.24. The funding received directly by the Council in respect of the Dedicated Schools Grant continued to reduce during the financial year, as a consequence of schools converting to Academy status and their funding being allocated directly to them from the Education Funding Agency. The final amount allocated to Portsmouth City Council amounted to £90,424,000 compared to an initial budget estimate of £93,210,000.
- 4.25. The carry forward decreased in 2016-17 from £5,048m to £3,212m. This is due to the £2m contribution to the capital programme together with the sum of all the variances in the overall DSG.

5. Revised Budget 2017-18

5.1. Appendix 1 shows the budget for 2017-18 which was approved in February 2017. Since agreeing the budget there has been a small number of changes which have required the proposed revisions below.

Academy Conversions

5.2. There have been 4 academy conversions since the beginning of the financial year, as listed below. The necessary budget adjustments have been reflected in the table in appendix 1.

- Springfield Secondary School 1 April 2017
- Solent Infant School 1 April 2017
- Solent Junior School 1 April 2017
- Arundel Court Primary 1 May 2017

Schools Specific Contingency and the carry forward

5.3. The underspend in the schools specific contingency of £132,500 in 2016-17 has been transferred from the brought forward balance to the contingency budget. This allocation was approved by the Cabinet Member for Education and endorsed by Schools Forum in January 2017.

Early Years Pupil Premium Grant

5.4. The Early Years Pupil Premium Grant has been reduced by £4,000 to reflect the revised allocation from the Department for Education (DfE).

6. Reasons for recommendations

It is recommended that Schools Forum note the contents of the report in respect of the financial outturn for 2016-17 and approve the amendments to the budget for 2017-18,) for the reasons set out in section 5.

7. Equality impact assessment (EIA)

An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010. There is no change to policy or service and through the budget review process equality impact assessments would be undertaken on an individual basis as required.

8. Legal implications

There are no legal implications arising directly from the recommendations within this report.

9. Finance comments

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

Signed by: Alison Jeffery, Director of Children, Families and Education

Appendices:

Appendix 1 - Dedicated Schools Grant Revised Budget 2017-18

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
School & Early Years Finance (England) Regulations	www.legislation.gov.uk
DSG Budget Estimates and Monitoring Records	Education Finance

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

.....
 Signed by:



Appendix 1 - Dedicated Schools Grant Revised Budget 2017-18

	Revised Approved 2017-18 Budget February 2017 (including Academies)	Proposed Budget Changes	Revised 2017-18 Budget July 2017 (including Academies)	Revised 2017-18 Budget July 2017 (excluding Academies)
	£000	£000	£000	£000
Individual School Budgets (ISB)				
Primary	62,597	-	62,597	38,909
Secondary	44,643	-	44,643	14,168
Special school place funding	5,328	-	5,328	1,558
Resourced unit place funding	921	-	921	596
Alternative Provision place funding	1,190	-	1,190	1,070
	114,679	0	114,679	56,301
De-delegated and central budgets				
Growth Fund	275	-	275	275
De-delegated budgets	321	132	453	413
Licences	120	-	120	120
Schools Forum	15	-	15	15
Admissions	252	-	252	252
ESG Retained duties	374	-	374	374
Academy conversion adjustments	-	-	-	180
	1,357	132	1,489	1,629
Early Years				
3 & 4 Year old provision ¹	10,299	(4)	10,295	10,295
2 Year old provision	2,206	-	2,206	2,206
Disability access fund	68	-	68	68
Inclusion fund	108	-	108	108
Central expenditure on under 5	623	-	623	623
	13,304	(4)	13,300	13,300
High Needs				
Element 3 Top-up funding	8,145	-	8,145	8,145
Out of city placements	2,000	-	2,000	2,000
SEN support services	675	-	675	675
Medical Education	660	-	660	660
Outreach services	187	-	187	187
Fair Access Protocol	60	-	60	60
Post 16 - Places	290	-	290	0
	12,017	0	12,017	11,727
Total Expenditure	141,357	128	141,485	82,957
DSG Income	(141,357)	(128)	(141,485)	(82,957)
Total Income	(141,357)	(128)	(141,485)	(82,957)

¹ Includes pupil premium for 3 and 4 year olds

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Agenda Item 9



Portsmouth
CITY COUNCIL

Title of meeting:	Schools Forum
Date of meeting:	12 July 2017
Subject:	Maintained School Balances as at 31 st March 2017
Report from:	Alison Jeffery, Director of Children's Services
Report by:	Richard Webb, Finance 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 inform Schools Forum of the level of maintained schools' revenue and capital balances as at 31st March 2017.

2. Recommendations

2.1. It is recommended that Schools Forum notes the level of maintained schools' revenue balances and capital balances as at 31st March 2017 as shown in Appendices 2 & 3 and the monitoring action taken by the council.

3. Background

3.1. Each year schools are given delegated budgets which are calculated using a locally agreed fair funding formula. These budgets are supplemented by specific government grants (e.g. Pupil Premium) and through the income generated by the school. Delegated budgets are intended to be spent during the year on the existing cohort of pupils, although it is prudent for a school to retain a small surplus to provide for future uncertainties.

3.2. Schools do spend the vast majority of funds directly on the education of their pupils. However, there are a number of genuine reasons why schools may accumulate a balance at the year-end, for example, to provide for planned building works or to provide consistency in staffing levels during funding fluctuations relating to predicted changes in numbers on roll.

- 3.3. In some cases, factors outside of the control of the school can cause increases in balances; for example, large capital building schemes may slip from one year into the next.
- 3.4. Whilst devolved formula capital allocations are ring fenced for capital purposes only, schools may use revenue balances to support capital schemes. In 2016/17, schools allocated some £0.6m (£1.6m 2015/16) of revenue funding to capital purposes.
- 3.5. Schools were surveyed during the spring term to ascertain future commitments against estimated closing balances in order to provide data in accordance with Consistent Financial Reporting (CFR) requirements. This data has since been updated to reflect actual, rather than estimated, closing balances.
- 3.6. In 2014 Schools Forum agreed to continue without a "balance control mechanism" (i.e. a "clawback" system) and to implement proposals to strengthen the monitoring arrangements. An extract from the current Scheme for Financing Schools is shown at Appendix 1 and highlights the 'controls on surplus balances' together with the items that can be deemed to be committed within the year-end balances.

4. Revenue Balances

- 4.1. The following table illustrates the level of school revenue balances over the last three years:

Sector	Balance as at 01/04/15	% of 2014/15 budget allocation	Balance as at 01/04/16	% of 2015/16 budget allocation	Balance as at 01/04/17	% of 2016/17 budget allocation
Nursery & Primary schools	5,458,781	11.77	5,767,384	12.02	5,082,528	11.46
Secondary schools	2,060,385	9.84	1,420,558	7.60	1,590,543	8.27
Special schools	(134,901)	(2.12)	(666,203)	(9.21)	(598,094)	(14.10)
Total	7,384,265	10.02	6,521,740	8.83	6,074,977	8.96

- 4.2. Since presenting the balances report last year, the following schools have converted to Academy status and any surplus balances will have transferred to the new Academy Trusts:

- Court Lane Infant
- Court Lane Junior
- Redwood Park School
- Westover Primary

In order to provide a consistent comparison between 2015/16 and 2016/17, the balances for these schools have been excluded from the restated 2015/16 figures in the table below.

Sector	Balance as at 01/04/16	% of 2015/16 budget allocation	Balance as at 01/04/17	% of 2016/17 budget allocation
Nursery & Primary schools	5,501,748	12.49	5,082,528	11.46
Secondary schools	1,420,558	7.60	1,590,543	8.27
Special schools	(539,925)	-10.34	(598,094)	-14.10
Total	6,382,382	9.39	6,074,977	8.96

- 4.3. It is important to note that the total schools' balances of £6.1m as at 1 April 2017 include £0.454m (£0.581m 2015/16) of community related balances e.g. Community Improvement Partnerships, community lettings, breakfast and after school clubs etc. leaving £5.6m (£5.9m 2015/16) of "curriculum" balances relating to core activity. Of this, a further £1.2m (£2.0m 2015/16) has been committed to specific projects or initiatives, leaving a balance of £4.4m, or 6.5% of the 2016/17 budget allocation, as genuinely uncommitted, which exceeds the CIPFA guideline of between 2-3% of budget for uncommitted balances.
- 4.4. Three schools had year-end deficit balances at the end of 2016-17. Mayfield School has an agreed recovery plan in place to recover their deficit which expired on 31 March 2017 the school is being supported by the authority to develop a new recovery plan. The Authority has continued to support the Harbour School and whilst the deficit has increased from 2015-16 the final balance is lower than expected at the beginning of the financial year due to action taken by the school and the local authority. A deficit recovery plan is currently being developed with support from Delta Education Trust. Brambles Nursery closed on 31 March 2017 and the authority is in the process of determining the final balance.

5. Review of Specific School Balances

- 5.1 The school revenue balances as at 31st March 2017 are shown by school at Appendix 2. As in 2015-16 the authority has seen an increased number of schools with reducing or low balances. Additionally there are some schools that are deemed to have excessive balances. The following sections set out the explanations for the level of balances and any action being taken.

Reducing or low balances

- 5.2 During 2016-17 Schools Forum requested that the council contact the Chair of governors for schools with reducing or low balances as at the 31 March 2016. Of the 6 schools that were contacted four schools have seen an increase in their level of balances at the end of the 2016-17 financial year; indicating that the plans put in place by the school and governing body are having an effect. One school has seen a continued decrease (Willows) and one school (Wimborne Junior) did not respond and whilst they saw an increase in their balances at the end of 2016-17, they have been contacted again as part of the 2016-17 review.
- 5.3 As part of the year-end monitoring process of school balances, a review was undertaken to identify those schools that have shown a continued or significant reduction (defined as 25% or more) in their level of balances.
- 5.4 From this review the following 9 schools were contacted to seek assurance from their Chair of Governors that they were aware of the schools current financial position and that plans were in place or being developed to actively manage the schools finances within their available funding:
- Meredith Infant
 - Milton Park Primary
 - Penhale Infant
 - Southsea Infant
 - St Swithun's Catholic Primary
 - Wimborne Infant
 - Wimborne Junior
 - King Richard Secondary
 - Willows Nursery.
- 5.5 The authority has received responses from all the above schools. Two schools were already in discussion with the authority regarding their financial situation and further meetings are planned over the summer term.
- 5.6 Of those schools who have responded, one has requested a meeting with the authority, which has been held and the guidance that the school was seeking has been provided. The remaining seven schools have provided assurance that they are either developing plans or already have plans in place to address the financial position.
- 5.7 In summary, the schools and governing bodies contacted, have indicated that they are aware of the financial situation and are taking action to address the financial pressures facing the schools.

Excessive balances

- 5.8 The Scheme for Financing Schools categorises Primary & Special Schools who have uncommitted balances in excess of 8% of budget share as having excessive balances. For Secondary Schools, the threshold is 5% of budget share.
- 5.9 Of the thirteen Primary and Special schools with uncommitted balances over 8%, two have balances below 10%, nine have balances between 10% and 20% and two have uncommitted balances over 20%.
- 5.10 For Secondary Schools, only two of the four maintained schools had uncommitted balances in excess of 5% of budget share. One of which; Springfield Secondary, converted to academy status on 1 April 2017.
- 5.11 The table below highlights the four schools whose total balances exceed 20% of their budget share allocation. All of these four schools had uncommitted balances which were also deemed to be excessive (i.e. above the 8% and 5% thresholds).

School	Balance as at 01/04/17 £	% of 2016/17 budget allocation
Primary		
Langstone Infant	262,217	27.38
Portsdown Primary	538,398	26.98
St Georges Beneficial CE Primary	371,624	25.82
St John's Catholic Primary	299,008	28.42
TOTAL	1,471,247	

- 5.12 Of the five schools that had high balances last year and which were reported in detail, four continue to hold high balances (Langstone Infant, Portsdown, St Georges Beneficial CE Primary and St John's Catholic Primary) and are analysed in detail below. The remaining school (Manor Infant School) has seen their balance decrease below the 20% threshold.
- 5.13 Explanations for the four schools this year with significant balances are set out below.

Langstone Infant

- 5.14 Langstone Infant's year-end balances have decreased from £387,564 to £262,217 as at the end of March 2017. Of this balance, the school have indicated that £21,319 (£153,084, 2015/16) is committed. As reported last year, the school saw a reduction in pupil numbers between 2015-16 and 2016-17 and the 2017-18 pupil numbers remain at a low level. On the completion of a local housing project the school are expecting that pupil numbers will increase in the future. They have therefore structured their balances to maintain the staffing establishment and meet future planned in-year deficits until the predicted pupil numbers increase.

- 5.15 The school have developed a five year plan which looks to bring their balances down to below 8% of the annual budget and are in discussion with the University of Chichester Trust about their planned use of surpluses following their conversion to academy status planned for October 2017.
- 5.16 The school has indicated on their year-end return that the balance will be used as follows:
- £21,319 for prior year commitments for which purchase orders have been raised
- 5.17 The school balances have decreased over the course of the financial year and the remaining uncommitted balance totals £240,898 (£355,400 in 2015-16) which equates to 25.16% (32.7% in 2015-16) of the budget share.

Portsmouth Primary

- 5.18 Portsmouth Primary's year-end balances have increased from £404,444 at the end of March 2016 to £538,398 at the end of March 2017.
- 5.19 Of the year-end balance, a deficit balance of £150 (£6,064 in 2015/16) relates to community balances. The school also received a payment of £18,039 relating to a late adjustment in funding following an increase in nursery pupils attending the school.
- 5.20 The school are indicating that a further £157,815 (7.91%) is committed.
- 5.21 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £1,182 to provide consistency in staffing levels for anticipated fluctuations in the number on roll.
 - £5,450 for prior year commitments for which a purchase order had been raised.
 - £52,000 on items committed at year end 2015-16, including electricity to the outdoor classroom, contribution to roof repairs, rails for the main entrance and upgrading ICT, these were agreed by Governors in March and November 2016 and are now expected to be completed by March 2018.
 - £15,000 on structural maintenance and refurbishment such as Hall floor repairs and reception refurbishment.
 - £3,000 nursery staff uniforms
 - £4,185 supporting pupils in receipt of pupil premium, including a school trips.
 - £77,000 Revenue contribution to capital expenditure for further playground improvements, Year R classroom refurbishment, classroom sink area replacements, nursery windows and air conditioning and improvements to the outdoor nursery area.

5.23 The remaining £380,583 equates to 19.07% of the schools budget share. The school has indicated they are holding the uncommitted monies for a number of purposes including:

- Staff training
- Additional Key Stage 1 and Key Stage 2 subject leads
- Cover for two members of staff due to go on maternity leave
- Replacement classroom furniture, carpeting and teaching resources.
- Contingency to manage the impact of any change in funding due to the introduction of the national Funding Formula

St Georges Beneficial CE Primary

5.24 St George's year-end balances have increased from £343,800 at the end of March 2016 to £371,624 at the end of March 2017. Of the year-end balance £8,536 relates to community balances, whilst the school are indicating that a further £120,134 (32.3%) is committed.

5.25 The school has indicated on their year-end return that the committed balance will be mainly used as follows:

- £100,000 contribution to Capital. This includes further saving towards an additional classroom (£70,000) work is expected to start during 2017 plus £30,000 towards the furnishing of the additional classroom. This is in addition to the commitment at the end of 2015-16 which resulted in a £50,000 contribution to Capital.
- New curved seating in the Atrium (£15,000) and refurbishment of the conference room (£5,000)
- £15,000 towards the completion of the lodge grounds.

5.26 The remaining uncommitted balance of £251,490 (£256,646 2015/16) equates to 17.47% (18.49% in 2015-16) of the schools budget share. The school has indicated they are holding the uncommitted monies for the following purposes:

- Contingency against an increase in the cost of the proposed additional classroom
- A potential reduction in funding due to the proposed introduction of the national funding formula
- Purchase of a new mini bus.

St John's Catholic Primary

5.27 St John's year-end balances have increased from £257,917 at the end of March 2017 to £299,008 at the end of March 2017. The school have indicated that only £3,403 (0.32%) of their balance is committed. The school has indicated on their year-end return that the committed balance will be mainly used as follows:

- £2,403 to provide consistency in staffing levels for anticipated fluctuations in the number on roll.
- £1,000, Tree Lopping

5.28 With regards to the remaining uncommitted balance of £295,605, this equates to 28.10% of the school's budget share. The Governing body of the school has considered their expenditure plans for 2017-18, which are set against an expected shortfall in funding in 4-5 years' time and the likely conversion to academy status later this year. Plans include:

- Programme of work to maintain the fabric of the school
- Potential expansion of the nursery and increasing the service on offer
- Exploring the option to provide new workrooms to enable support outside the classroom for pupils with English as a second language (EAL) and pupils with Educational Health and Care plans (EHCP).

5.29 During the review of the schools with excessive balances we sought to obtain assurance, where possible, that last year's commitments were fulfilled in relation to planned capital works, e.g. as at St George's. It was found in that some planned works have been delayed at Portsdown but the commitments still remain.

5.30 With regards to the 2016-17 balances, our review identified that schools had clear plans for the future and are retaining balances as would be expected for proposed building works, to provide consistency in staffing levels during funding fluctuations relating to predicted changes in number on roll and the uncertainty caused by the proposed national funding formula. We will undertake a review next year to monitor progress as part of our on-going monitoring arrangements for maintained schools.

6. Capital Balances

6.1 Devolved capital allocations are ring fenced and schools are expected to spend them on priority capital needs of school buildings. These allocations will therefore be held as capital balances until they are used and may be supplemented by funding from other sources.

6.2 An analysis of schools' current capital balances is given at Appendix 3 together with proposed spending plans as returned in the school survey. Where spending plans exceed balances there will need to be additional funding proposals.

6.3 The table below illustrates the level of school capital balances for the last three years:



Sector	Balance as at 01/04/15	Balance as at 01/04/16	Balance as at 01/04/17
Nursery & Primary schools	1,730,655	1,034,247	1,005,712
Secondary schools	737,052	1,533,335	1,046,055
Special schools	112,762	22,667	(28,552)
Total	2,580,469	2,590,249	2,023,214

Note: the above totals are the aggregate of surplus and deficit balances.

6.4 As with the revenue balances, in order to provide a consistent year-on-year comparison, the closing balances in respect those schools who converted to Academy status have been excluded from the restated 2015/16 figures in the table below.

Sector	Balance as at 01/04/16 Restated	Balance as at 01/04/17
Nursery & Primary schools	1,018,488	1,005,712
Secondary schools	1,533,335	1,046,055
Special schools	29,467	(28,552)
Total	2,581,290	2,023,214

6.5 In order to bring forward proposed capital schemes, schools were permitted to seek to spend against future Devolved Formula Capital (DFC) funding with the agreement of the Local Authority. DFC allocations were reduced significantly in 2011/12, meaning that it is no longer appropriate for schools to “anticipate” future capital funding.

7. Reasons for recommendations

As this report is for information only and Schools Forum are asked to note the contents of the report.

8. Equality impact assessment (EIA)

This report does not require an Equality Impact Assessment as the proposals contained within this report are for information only and do not have any impact upon a particular equalities group.

9. Legal comments

There are no legal implications arising from the recommendation in this report.

10. Finance comments

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

Signed by:
Alison Jeffery - Director of Children, Families and Education

Appendices:

- Appendix 1: extracts from the current Scheme for Financing Schools
- Appendix 2: schools' revenue balances at 31st March 2017
- Appendix 3: schools' capital balances and commitments at 31st March 2017

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
School Balances Files and Spreadsheets	Education Finance
Scheme For Financing Schools	PCC website

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

.....
Signed by:

Extracts from the current Scheme For Financing Schools

4.2 Controls on surplus balances

As schools are moving towards greater autonomy and should not be constrained from making early efficiencies and to support medium term budgeting in a tighter financial climate, the balance control (clawback) mechanism for excessive balances continues to be withdrawn.

Schools will be deemed to have excessive balances, when Primary and Special Schools have uncommitted balances in excess of 8% and Secondary Schools 5% of their budget shares.

The control framework for monitoring school balances and their intended use requires that:

- a. Schools will continue to be asked to provide a breakdown of their year-end balances between committed and uncommitted, as well as an analysis of the intended use of any committed balances. The Education and Children's Finance team will continue to co-ordinate the process.
- b. A School Balances report will be presented to both the Cabinet member for Children's and Education and Schools Forum, following the completion of the year-end closedown process. This report will provide an analysis of the balances by school and schools with significant balances may be highlighted specifically within the report.
- c. Those schools identified as potentially breaching the balance thresholds, will be asked to provide further evidence of the planned use of their balances. The information will be reported back to Elected Members, the Schools Forum and the Education Department.
- d. The Education Department will consider this information as part of its school performance and improvement service provision, school challenge and specific reviews.

In determining whether school balances are committed, schools are only permitted to assign as committed, items listed in Annex 6.

School Forum may revisit the balance control (clawback) mechanism and the above control framework from time to time and where they believe significant and excessive balances have accumulated.

Annex 6 –PERMITTED SPECIFIC PURPOSES FOR THE USE OF SURPLUS FUNDS

- Valid orders placed through the financial system, but for which the goods have not been received.
- Funds held on behalf of other schools by fund holder schools (e.g. cluster funding).
- Balances held for specific community projects e.g. nursery provision, children's centres, extended services.
- Contribution towards capital works with the school (where alternative capital resources have been exhausted). A clear statement of intent signed by the Chair of Governors (subject to clawback if not delivered in stated timescales - maximum 3 years).
- Providing consistency in staffing levels where numbers on roll are predicted to fluctuate within the next year (note that a reasonable commitment would be £3,000 per pupil and forecast variations in pupil numbers should be given).
- Unexpected funds received by the school near the year-end which will be utilised for a specific purpose in the following financial year.

APPENDIX 2
SCHOOLS REVENUE BALANCES AS AT 31 MARCH 2017

DFE No.	Balance as @ 31/03/2016	% of 2015-16 Budget Share Allocation	School Name	2016/17 Budget Share	Analysis of Balance		Balance as @ 31/03/2017	% of 2016/17 Budget Share Allocation	Uncommitted as a % of Budget Share Allocation	Committed as % of Budget Share Allocation
					Uncommitted	Committed				
	£	%		£	£	£	£	%	%	%
PRIMARY & NURSERY SCHOOLS										
5000	-92,247	-23.81%	The Brambles Nursery	387,500	10,292	-37,919	-27,627	-7.13%	2.66%	-9.79%
2005	52,108	1.93%	Arundel Court Primary	2,707,857	100,188	48,996	149,184	5.51%	3.70%	1.81%
2653	171,518	13.73%	College Park Infant	1,260,909	173,579	-	173,579	13.77%	13.77%	-
2008	370,941	15.16%	Copnor Primary	2,275,320	278,187	130,224	408,411	17.95%	12.23%	5.72%
3420	130,050	11.34%	Corpus Christi Catholic Primary	1,175,918	74,128	60,000	134,128	11.41%	6.30%	5.10%
2689	270,028	14.41%	Cottage Grove Primary	1,866,181	130,801	54,931	185,732	9.95%	7.01%	2.94%
2677	186,936	14.92%	Court Lane Infant				<i>now an Academy</i>			
2644	27,322	1.80%	Court Lane Junior				<i>now an Academy</i>			
2716	128,480	9.96%	Craneswater Junior	1,356,886	19,659	89,338	108,997	8.03%	1.45%	6.58%
2665	138,137	18.22%	Cumberland Infant	757,872	104,070	36,919	140,989	18.60%	13.73%	4.87%
2648	110,838	12.07%	Devonshire Infant	898,958	5,746	99,261	105,006	11.68%	0.64%	11.04%
2714	257,969	19.00%	Fernhurst Junior	1,354,456	73,972	177,580	251,552	18.57%	5.46%	13.11%
2637	110,157	14.56%	Goldsmith Infant	735,214	29,449	60,000	89,449	12.17%	4.01%	8.16%
2674	-762	-0.06%	Highbury Primary	1,370,553	43,640	6,000	49,640	3.62%	3.18%	0.44%
2694	387,564	35.67%	Langstone Infant	957,599	240,898	21,319	262,217	27.38%	25.16%	2.23%
2700	173,321	14.59%	Langstone Junior	1,288,103	154,990	90,294	245,284	19.04%	12.03%	7.01%
2719	315,620	30.73%	Manor Infant	1,014,018	135,404	-555	134,849	13.30%	13.35%	-0.05%
2673	155,941	16.71%	Medina Primary	921,433	75,742	40,000	115,742	12.56%	8.22%	4.34%
2654	113,970	15.72%	Meon Infant	720,408	83,704	-	83,704	11.62%	11.62%	-
2715	47,430	4.04%	Meon Junior	1,208,584	49,141	-	49,141	4.07%	4.07%	-
2645	95,475	9.06%	Meredith Infant	1,074,663	36,246	20,000	56,246	5.23%	3.37%	1.86%
2006	270,384	13.49%	Milton Park Primary	1,724,799	62,628	32,610	95,238	5.52%	3.63%	1.89%
2709	64,501	11.50%	Moorings Way Infant	556,558	58,739		58,739	10.55%	10.55%	
2658	10,694	0.46%	Northern Parade Federated School	2,547,170	108,827		108,827	4.27%	4.27%	-
2697	186,146	16.57%	Penhale Infant	1,193,327	88,840	-0	88,840	7.44%	7.44%	0.00%
2765	404,444	22.17%	Portsdown Primary	1,995,272	380,583	157,815	538,398	26.98%	19.07%	7.91%
2679	92,918	9.63%	Solent Infant	982,809	46,211	18,436	64,647	6.58%	4.70%	1.88%



DFE No.	Balance as @ 31/03/2016	% of 2015-16 Budget Share Allocation	School Name	2016/17 Budget Share	Analysis of Balance		Balance as @ 31/03/2017	% of 2016/17 Budget Share Allocation	Uncommitted as a % of Budget Share Allocation	Committed as % of Budget Share Allocation
					Uncommitted	Committed				
2666	97,835	8.31%	Solent Junior	1,210,069	51,749	39,500	91,249	7.54%	4.28%	3.26%
2680	80,457	9.22%	Southsea Infant	802,532	16,418	36,000	52,418	6.53%	2.05%	4.49%
3214	343,800	24.77%	St Georges Beneficial C of E Primary	1,439,329	251,490	120,134	371,624	25.82%	17.47%	8.35%
3422	257,917	24.23%	St John's Catholic Primary	1,051,958	295,605	3,403	299,008	28.42%	28.10%	0.32%
3212	165,059	10.61%	St Judes C of E Primary	1,599,986	143,647	28,976	172,623	10.79%	8.98%	1.81%
5207	213,007	13.38%	St Pauls Catholic Primary	1,657,311	79,856	72,500	152,356	9.19%	4.82%	4.37%
3423	114,168	9.76%	St Swithuns Catholic Primary	1,141,591	20,015	58,302	78,317	6.86%	1.75%	5.11%
2698	176,890	17.01%	Stamshaw Infant	1,077,448	8,937	102,085	111,022	10.30%	0.83%	9.47%
2670	51,378	4.51%	Westover Primary							
2699	77,990	10.02%	Wimborne Infant	788,350	35,009	16,500	51,509	6.53%	4.44%	2.09%
2705	9,001	0.72%	Wimborne Junior	1,263,579	647	30,840	31,488	2.49%	0.05%	2.44%
	5,767,385	12.02%	Total Primary & Nursery	44,364,520	3,469,039	1,613,488	5,082,528	11.46%	7.82%	3.64%

now an Academy

SECONDARY SCHOOLS										
4302	189,128	5.03%	King Richard Secondary	3,724,565	27,670	155,184	182,854	4.91%	0.74%	4.17%
4303	-100,195	-1.82%	Mayfield Secondary	5,818,321	21,876	-105,680	-83,804	-1.44%	0.38%	-1.82%
4301	910,710	18.02%	Springfield Secondary	5,195,118	715,564	25,732	741,296	14.27%	13.77%	0.50%
5413	420,915	9.65%	St Edmunds Catholic Secondary	4,493,201	569,228	180,970	750,198	16.70%	12.67%	4.03%
	1,420,558	7.60%	Total Secondary	19,231,206	1,334,337	256,205	1,590,543	8.27%	6.94%	1.33%

SPECIAL SCHOOLS										
7472	-584,813	-13.57%	Harbour	3,352,415	0	-605,443	-605,443	-18.06%	0%	-18.06%
7046	-126,278	-6.27%	Redwood Park Secondary							
7750	44,889	4.93%	Willows Nursery	890,069	-2,959	10,308	7,350	0.83%	-0.33%	1.16%
	(666,203)	-9.21%	Total Special	4,242,484	-2,959	-595,135	-598,094	-14.10%	0.07%	-14.03%

Summary										
	5,767,385	12.02%	Total Primary	44,364,520	3,469,039	1,613,488	5,082,528	11.46%	7.82%	3.64%
	1,420,558	7.60%	Total Secondary	19,231,206	1,334,337	256,205	1,590,543	8.27%	6.94%	1.33%
	(666,203)	-9.21%	Total Special	4,242,484	-2,959	-595,135	-598,094	-14.10%	-0.07%	-14.03%
	6,521,740	8.83%		67,838,209	4,800,417	1,274,558	6,074,977	8.96%	7.08%	1.89%

The figures in the table above may not sum exactly due to rounding

APPENDIX 3
SCHOOLS CAPITAL BALANCES AS AT 31 MARCH 2017

Balance as @ 31/03/2016		Balance as @ 31/03/2017	Spending Plan	Description of Plan	Projected Balance
PRIMARY & NURSERY SCHOOLS					
5,999	Arundel Court Primary	7,710	0		7,710
17,262	The Brambles Nursery	21,849	0		21,849
169,426	College Park Infant	171,946	0		171,946
5,098	Copnor Primary	3,256	0		3,256
233	Corpus Christi RC Primary	233	0		233
21,750	Cottage Grove Primary	20,000	20,000	Window replacement	0
14,987	Court Lane Infant	0	0		0
(3,022)	Court Lane Junior	0	0		0
8,877	Craneswater Junior	(9,101)	8,877		(17,978)
39,117	Cumberland Infant	45,052	0		45,052
812	Devonshire Infant	1,090	1,090	ICT Projects	0
2,985	Fernhurst Junior	(1,509)	0		(1,509)

18,837	Goldsmith Infant		3,465 data outlets ,recable, move main cabinet 2,500 class room chairs	15,851
		21,816	5,965	
146	Highbury Primary			923
		923	0	
18,001	Langstone Infant		28,350 toilet refurbishment x 2 blocks 6,478 nursery glazing replacement door & window	801
		35,629	34,828	
10,908	Langstone Junior			4,120
		4,120	0	
7,499	Manor Infant			7,324
		7,324	0	
16,031	Medina Primary		10,000 outdoor classroom 5,650 CCTV 6,273 Contribution to emergency lighting	97
		22,020	21,923	
7,036	Meon Infant			1,011
		1,011	0	
425	Meon Junior			6
		6	0	
(3,829)	Meredith Infant			(109)
		(109)	0	
44,935	Milton Park Primary			49,580
		49,580	0	
3,003	Moorings Way Infant			8,398
		8,398	0	
2,768	Northern Parade Federation		14,786 light & sound for new music/drama building	0
		14,786	14,786	
17,649	Penhale Infant		4,000 School Modernisation	3,502
		7,502	4,000	

21,248	Portsdown Primary	29,448	0	29,448
40,420	Solent Infant	17,870	0	17,870
17,094	Solent Junior	(5,130)	0	(5,130)
10,866	Southsea Infant	12,521	4,000 replacement laptops 4,000	8,521
85,410	St Georges Beneficial Primary	117,250	15,000 completion of lodge ground 15,000	102,250
328,404	St Johns RC Primary	287,832	200,000 additional space adults working with children 30,000 IT computers lpads,projectors, cloud backups, office 365 40,000 redecoration of classrooms new carpets 270,000	17,832
38,146	St Jude's CE Primary	52,339	0	52,339
37,651	St Paul's RC Primary	32,724	20,000 future building 20,000	12,724
0	St Swithun's RC Primary	0	0	0
21,029	Stamshaw Infant	27,931	0	27,931
3,794	Westover Primary	0	0	0
(598)	Wimborne Infant	(609)	0	(609)
3,850	Wimborne Junior	0	0	0
1,034,247	Total Primary	1,005,712	420,469	585,243

SECONDARY SCHOOLS

1,402	King Richard	4,548	0	4,548
1,970	Mayfield	3,236	0	3,236
53,488	Springfield	(9,419)	0	(9,419)
1,476,475	St Edmunds RC	1,047,690	200,000 atrium project 720,904 new technology block project 120,000 science labs project 6,886 resurfacing works	1,047,790 (100)
1,533,335	Total Secondary	1,046,055	1,047,790	(1,735)

SPECIAL SCHOOLS

(6,800)	Redwood Park	0	0	0
2,568	The Harbour School	(56,274)	0	(56,274)
26,899	Willows Nursery	27,722	27,722 new door system and locking system	0
22,667	Total Special	(28,552)	27,722	(56,274)

SUMMARY

1,034,247	Primary Schools	1,005,712	420,469	585,243
1,533,335	Secondary Schools	1,046,055	1,047,790	(1,735)
22,667	Specials Schools	(28,552)	27,722	(56,274)
2,590,249		2,023,214	1,495,981	527,233

The figures in the table above may not sum exactly due to rounding

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Education & Skills
Funding Agency

Schools block funding formulae 2017 to 2018

**Analysis of local authorities' schools
block funding formulae**

April 2017

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Introduction

In January 2017, local authorities in England submitted to the Education and Skills Funding Agency (ESFA) their formulae for allocating their dedicated schools grant (DSG) schools block funding for 2017 to 2018 to schools in their area. For 2017 to 2018, schools are funded using a maximum of thirteen clearly defined factors.

This document provides an overview of the 2017 to 2018 formula factor values chosen by local authorities as at 9 March 2017. It provides charts and brief commentary on the ranges of unit funding amounts they have selected, and the proportions of schools block funding distributed under each of the permitted factors. This note is accompanied by a data file, more details about which can be found in the "Information about the data file" section at the end of this note. Small details of funding formulae may change subsequently compared to the figures presented here as a result of late amendments.

Note that in the charts shown throughout the document the range of values along the x-axis include the value at the lower end and exclude the maximum value. So for example the band 4% to 6% will included values of exactly 4% but will exclude values of exactly 6%. The charts are colour coded throughout the document – charts showing percentages are black/grey and all other charts are blue.

A similar summary about local authorities' funding formulae for 2016 to 2017 was [published by the DfE last year](#).

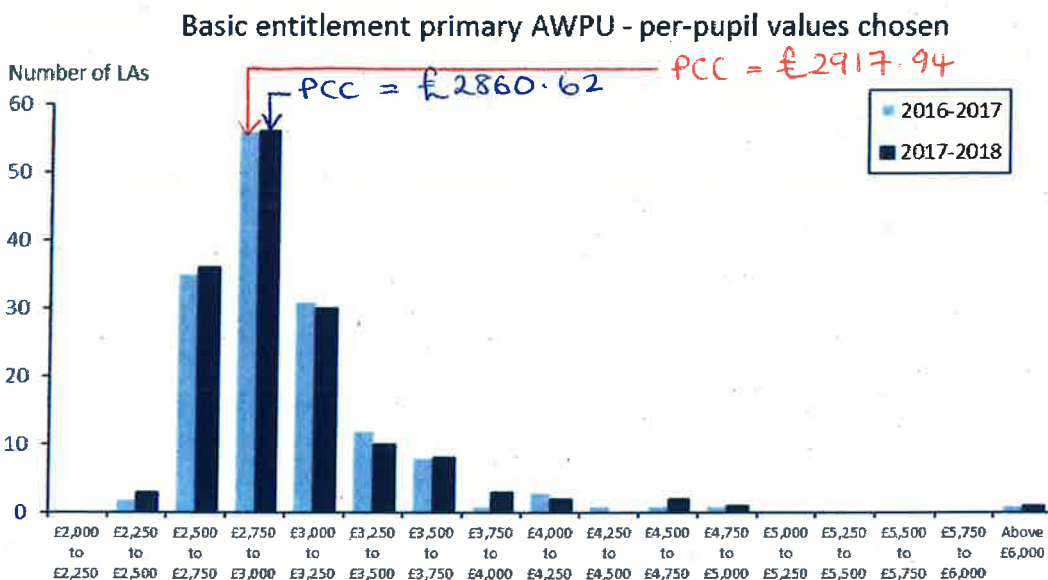
Commentary

This chapter looks at each of the principal formula factors in turn.

Basic per-pupil entitlement

This is a mandatory factor which every local authority must use in their 2017 to 2018 formula. Local authorities are permitted to choose different age-weighted pupil unit (AWPU) rates for primary pupils, for key stage 3 pupils and for key stage 4 pupils; but they must specify a primary AWPU of at least £2,000, and key stage 3 and key stage 4 AWPU values of at least £3,000.

The majority (80%) of primary AWPU selected by local authorities are in the range of £2,500 to £3,250, although there are a few significant outliers of over £4,000. Nineteen of the 20 local authorities with the highest primary AWPU are in London¹. The AWPU are very similar to last year.

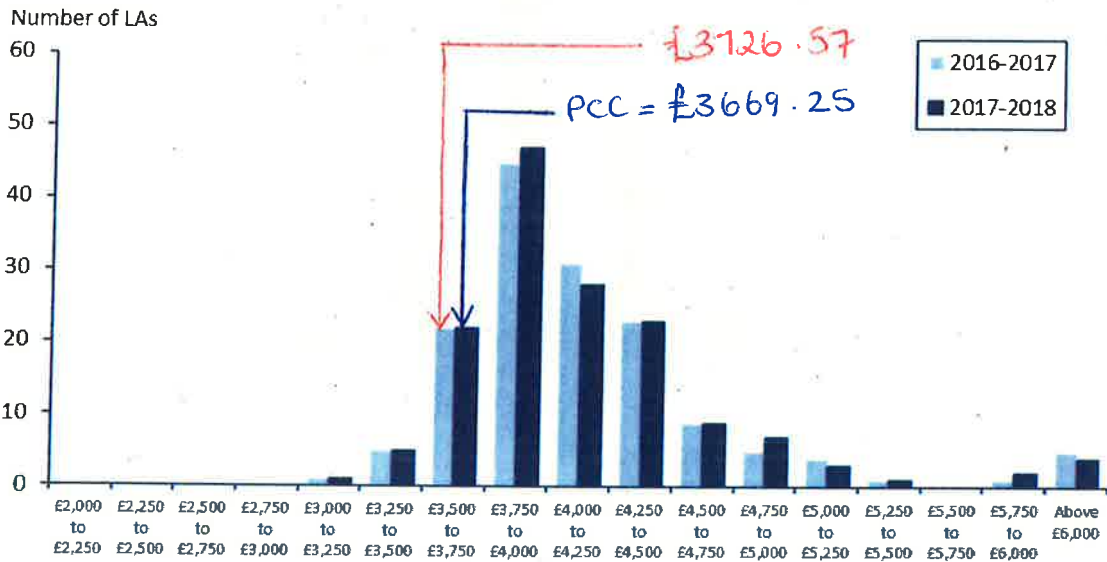


The secondary AWPU show a similar pattern. For key stage 3 AWPU, 79% of local authorities are allocating between £3,500 and £4,500 per pupil, and for key stage 4, the

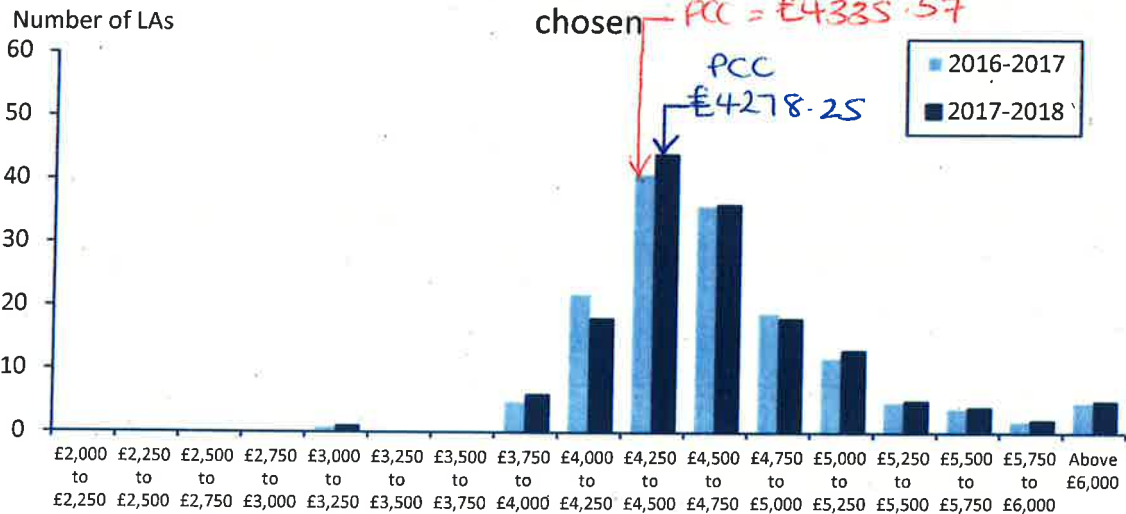
¹ In the charts showing the ranges of unit funding amounts local authorities have used for the formula factors, only those authorities which have chosen to use that factor in their formula in each year are shown. However, in the charts showing the proportion of funding allocated using the factors, all local authorities are displayed, with those not choosing to use the factor (where its use is not mandatory) shown as allocating 0%.

majority (76%) are allocating between £4,000 and £5,000 per pupil. Again, the authorities with the largest secondary AWPUs are mostly in London².

Basic entitlement Key Stage 3 AWPU - per-pupil values chosen



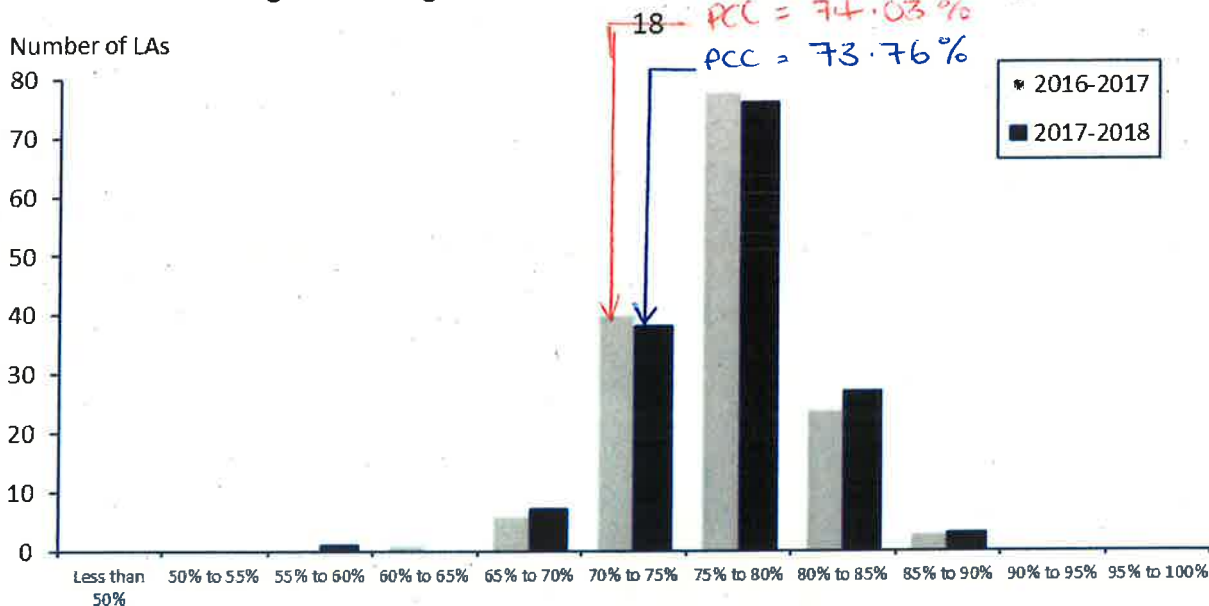
Basic entitlement Key Stage 4 AWPU - per-pupil values chosen



The final chart in this section shows the proportions of schools block funding that local authorities are allocating through the basic entitlement factor. Overall, the proportion of funding being spent on the AWPUs ranges from 59% to 88%, with 50% of local authorities allocating between 75% and 80%. Across all authorities, 76.9% of funding is being allocated through basic entitlement, which is almost identical to the 2016 to 2017 formulae (76.8%).

² City of London have a value of £3,000 for their key stage 3 and key stage 4 AWPU in 2016 to 2017 and 2017 to 2018, which is shown on the chart; however they do not have any key stage 3 or key stage 4 pupils at their sole school so allocate no funding through these indicators.

Percentage of funding allocated as basic entitlement AWPU funding in 2017-



Deprivation

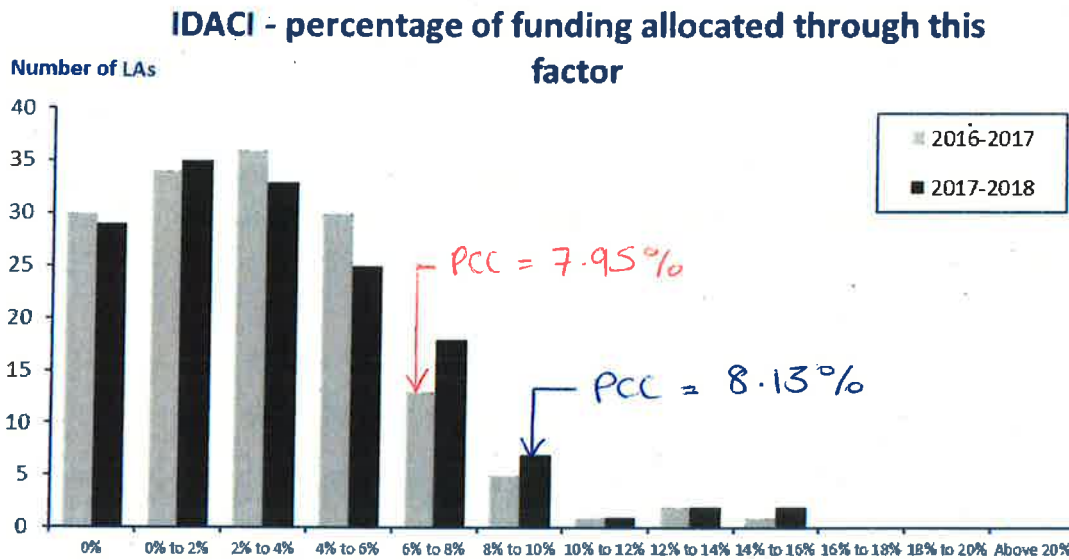
This is another mandatory factor which every local authority must use in their 2017 to 2018 formula. Local authorities can distribute their deprivation funding using one or both of two indicators: children eligible for free school meals (FSM; which could be either straight FSM or Ever 6); or Income Deprivation Affecting Children Index (IDACI) data.

IDACI scores are taken from the English Indices of Deprivation (IMD) published by the Department for Communities and Local Government. IDACI is a measure of income deprivation and identifies the proportion of children in out-of-work households or on low incomes.

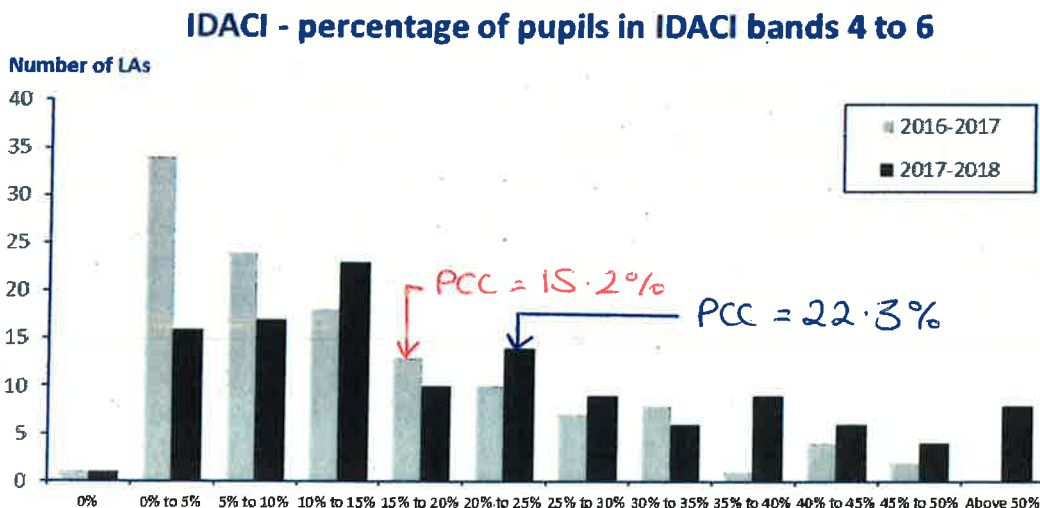
The 2017 to 2018 formula uses updated IDACI scores: please see the [Schools Revenue Funding 2017-2018: Operational Guide Annex 2](#) for further details. The scores are grouped into 7 bands as per the table below:

IDACI score	IDACI band value
$x < 0.20$	G
$0.20 \leq x < 0.25$	F
$0.25 \leq x < 0.30$	E
$0.30 \leq x < 0.35$	D
$0.35 \leq x < 0.40$	C
$0.40 \leq x < 0.50$	B
$x \geq 0.50$	A

The first chart in this section indicates that there is some variation between local authorities in the amount of funding allocated through this element of the factor. Of the 123 authorities using IDACI in their deprivation factor 20% are using it to allocate more than 6% of their total funding compared to 14% in 2016 to 2017 (in 2015 to 2016 the proportion was also 20%).



The change in IDACI data is a result of the change in the distribution of the scores across the different IDACI bands as highlighted above. 34% of authorities have more than 25% of their pupils in IDACI bands A to C (compared to only 18% in bands 4 to 6 in 2016 to 2017) and 8 authorities have more than 50% of pupils in bands 4 to 6 in 2017 to 2018 (in 2016 to 2017 there were none).

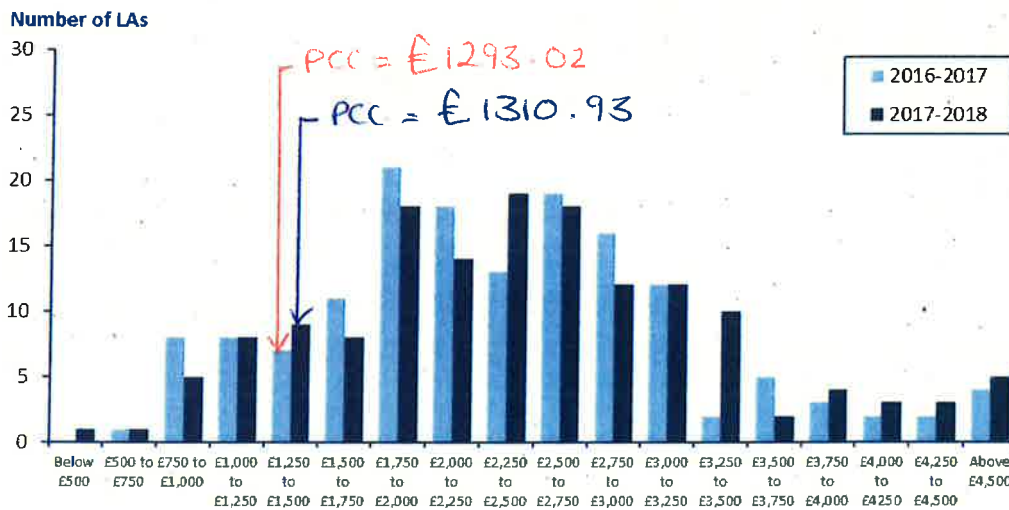


Because of the different permutations of deprivation indicator selections available for local authorities to use for this factor, it is not immediately straightforward to calculate per-pupil funding amounts on a comparable basis. For the purpose of this analysis, total funding allocated through the deprivation factors is divided by the number of FSM pupils, to obtain an estimate of the deprivation funding per FSM pupil, as below.

$$\text{Total deprivation per FSM pupil for each LA} = \left(\frac{\text{Total Deprivation funding in FSM+IDACI}}{\text{Number of FSM pupils}} \right)$$

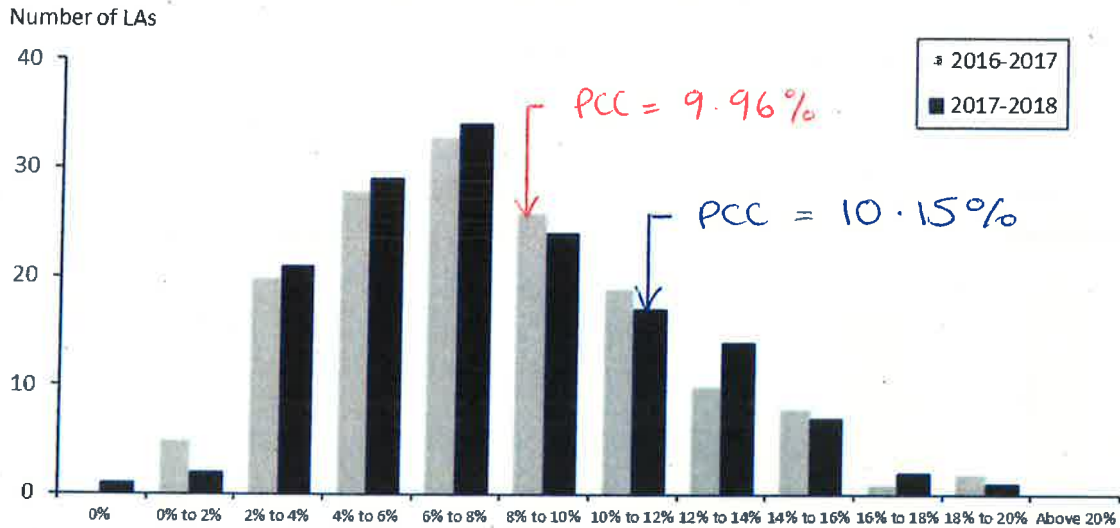
The chart below indicates that there is some variation between local authorities in the amount of funding allocated per FSM pupil. 59% are allocating between £1,500 and £3,000 per FSM pupil.

Total explicit deprivation funding per FSM pupil unit



There is considerable variation in the proportion of schools block funding which local authorities are allocating to schools through the deprivation factor, ranging from 0% to 19%, as illustrated by the chart below. While the deprivation factor is mandatory, the Isles of Scilly this year have no money allocated to it as no pupils meet the criteria for any of the deprivation categories used. There is some variation in allocation within authorities from last year (as highlighted in the graph below), but across all authorities, the allocation is unchanged (7.7% in 2017 to 2018 compared to year and 7.6% in 2016 to 2017).

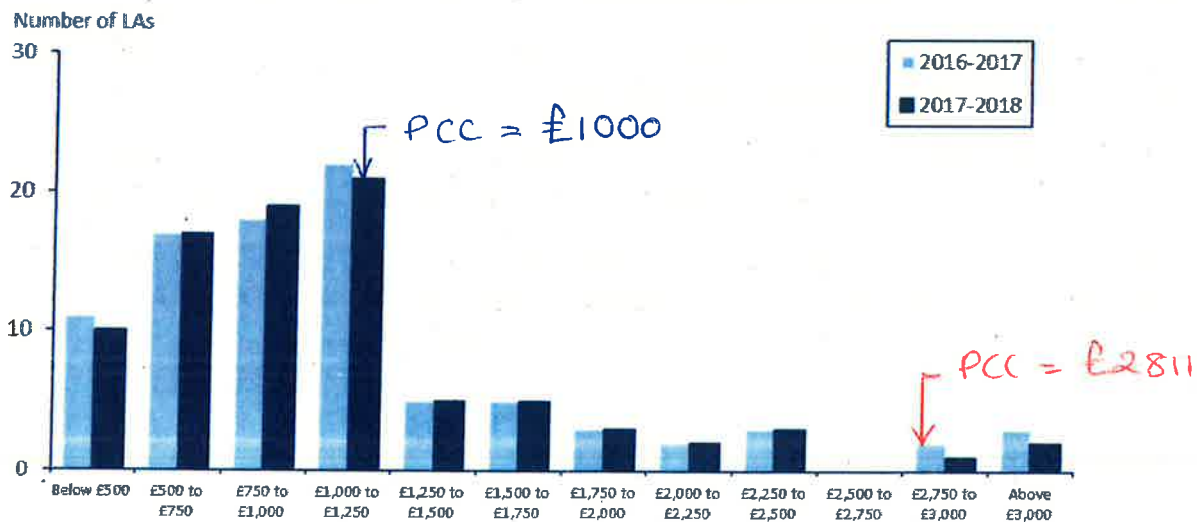
Percentage of funding allocated to deprivation



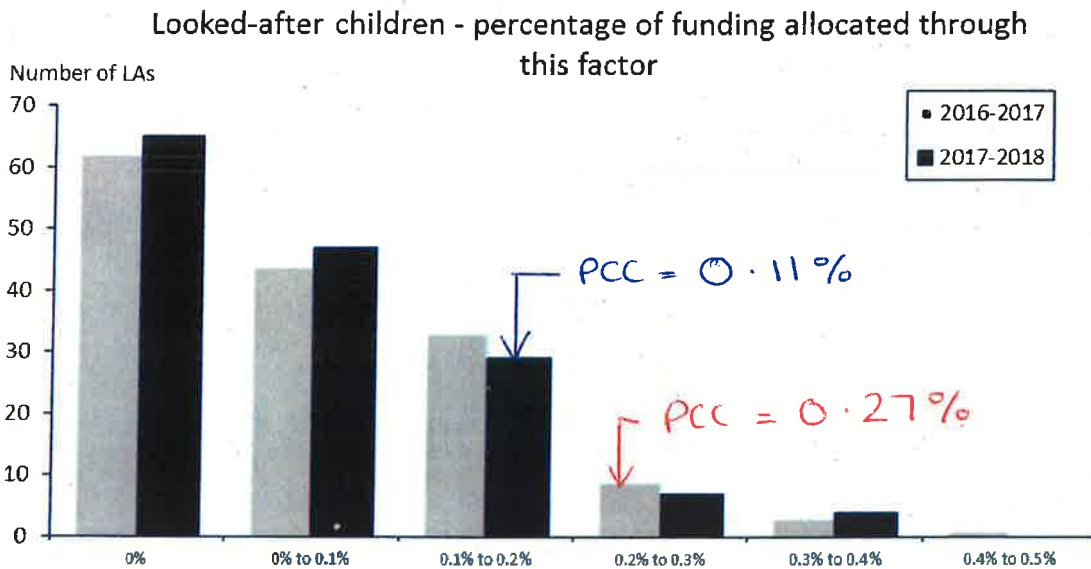
Looked-after children

Use of this factor in funding formulae is optional, and 88 local authorities have chosen to use it, a slight decrease from 91 in 2016 to 2017. As in 2016 to 2017, the indicator authorities can use for this factor is children looked after for any period of time as at the end of March 2016 (as recorded on the March 2016 SSSDA903 collection). Three quarters of the authorities that are using the factor are allocating less than £1,250 per pupil.

Looked-after children - per pupil values chosen



Across all local authorities (including those not using the factor), an average of 0.07% of schools block funding is being allocated through the looked-after children factor.

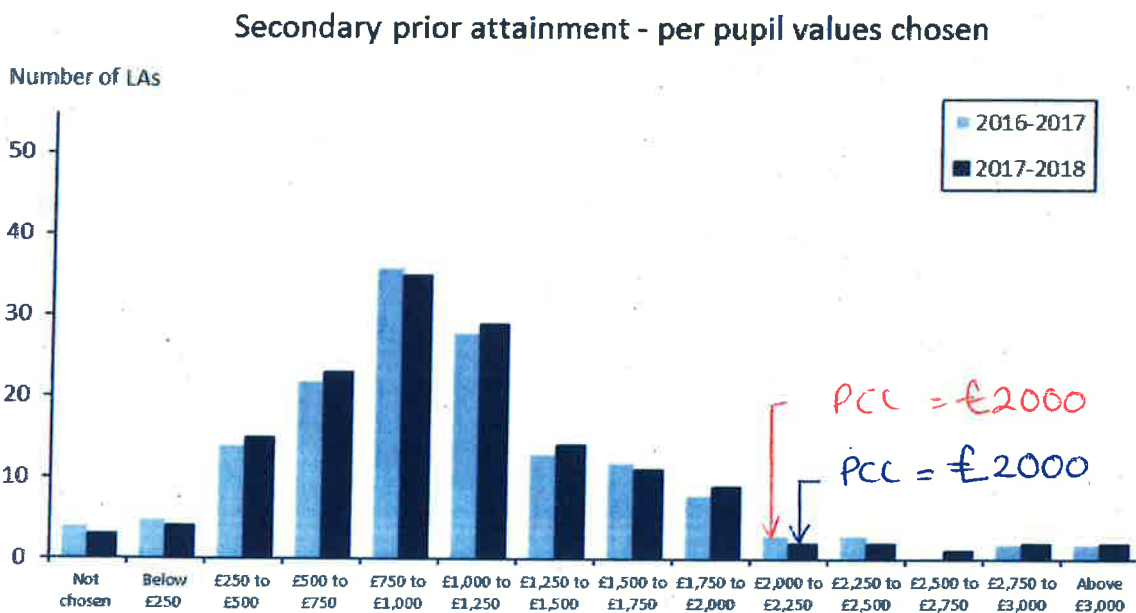
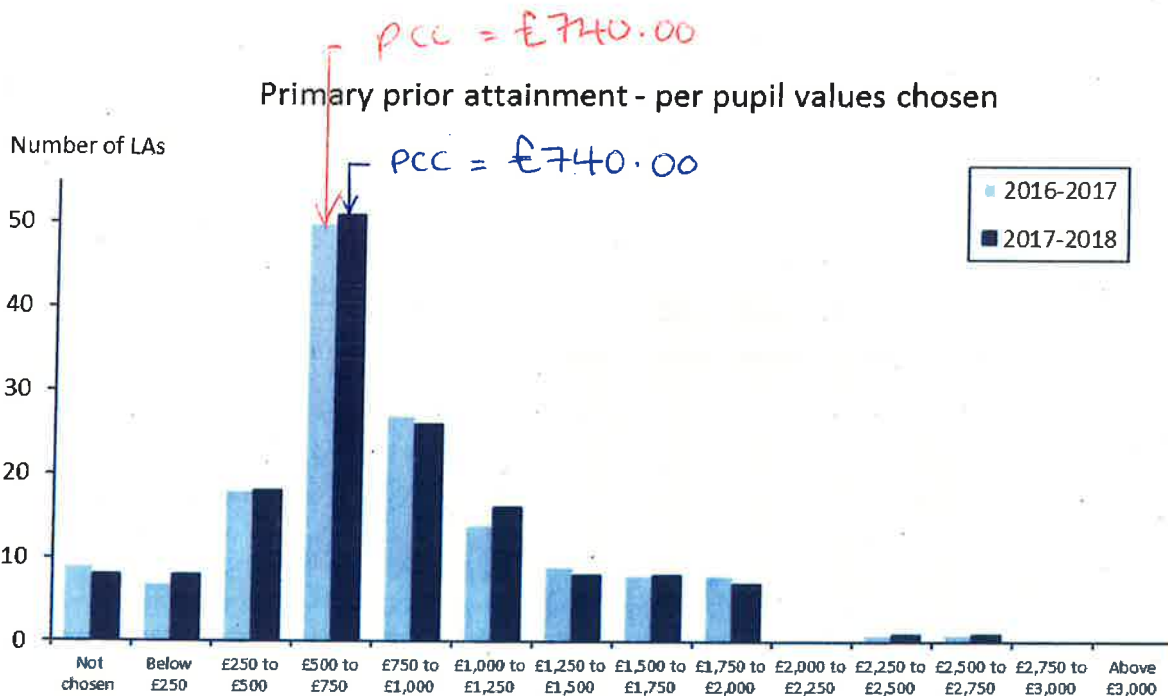


Prior attainment

Use of this factor is optional, with 144 local authorities using the indicator for primary pupils (compared to 143 in 2016 to 2017 formulae) and 149 using the indicator for secondary pupils (148 last year). Three authorities are not using this factor at all.

For primary pupils, the indicator is the number of children in years 1 to 4 assessed under the new early years foundation stage profile as not achieving a good level of development, and the number in years 5 to 6 not achieving 73 points or more or 78 points or more (authorities could pick between whether to use the 73 or 78 point indicator) under the old profile. In their formula local authorities can scale back the proportion of years 1 to 4 pupils not meeting the 'good development' criterion.

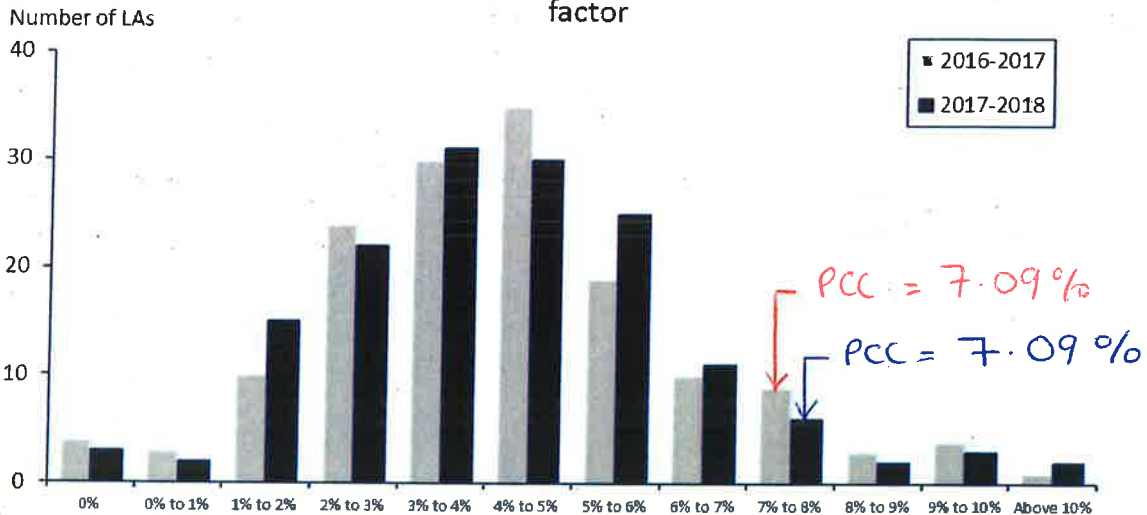
For secondary pupils there is a new national curriculum and assessment, which year 7 was assessed under. The proportion of pupils who fall in the low prior attainment bracket is higher than the proportion in years 8-11, so a national weighting has been applied to prevent year 7 overly influencing the funding levels. Please see [Schools Revenue Funding 2017-2018: Operational Guide page 9 - 10](#) for further details.



Like last year, there is considerable variation in the per-pupil amounts selected. They range from £120 to £2,651 for the primary indicator and from £40 to £3,229 for the secondary indicator.

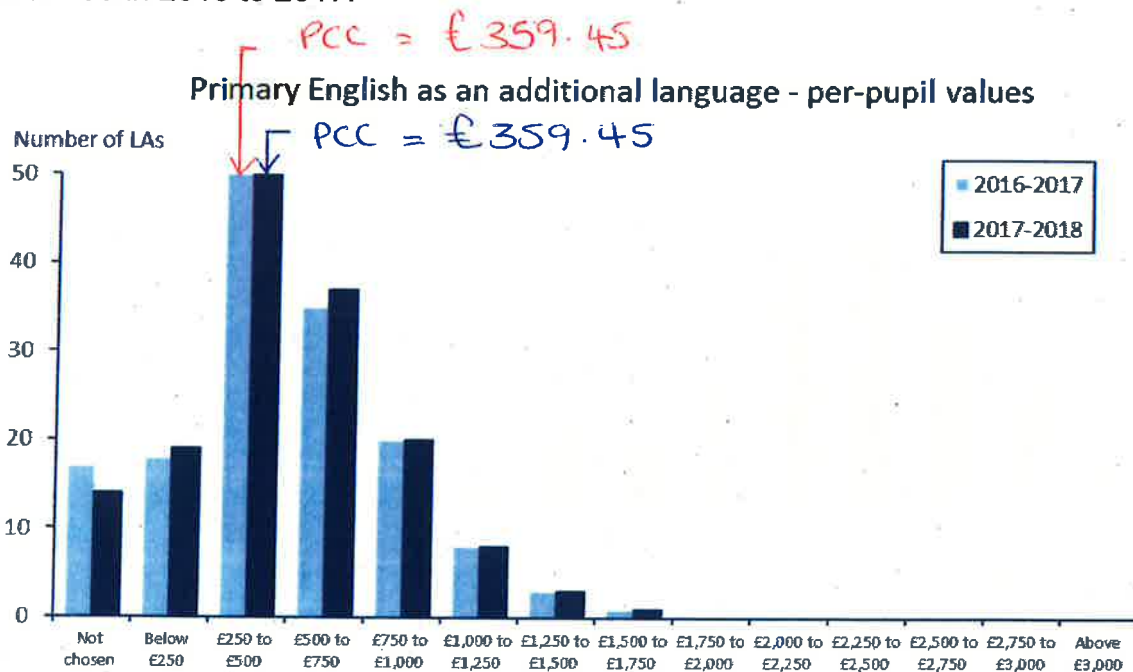
The chart below shows that 71% of local authorities are allocating between 2% and 6% of their schools block funding through this factor (the same as last year). Across all authorities, 4.3% of funding is allocated through this factor, the same percentage as last year.

Prior attainment - percentage of funding allocated through this factor



English as an additional language (EAL)

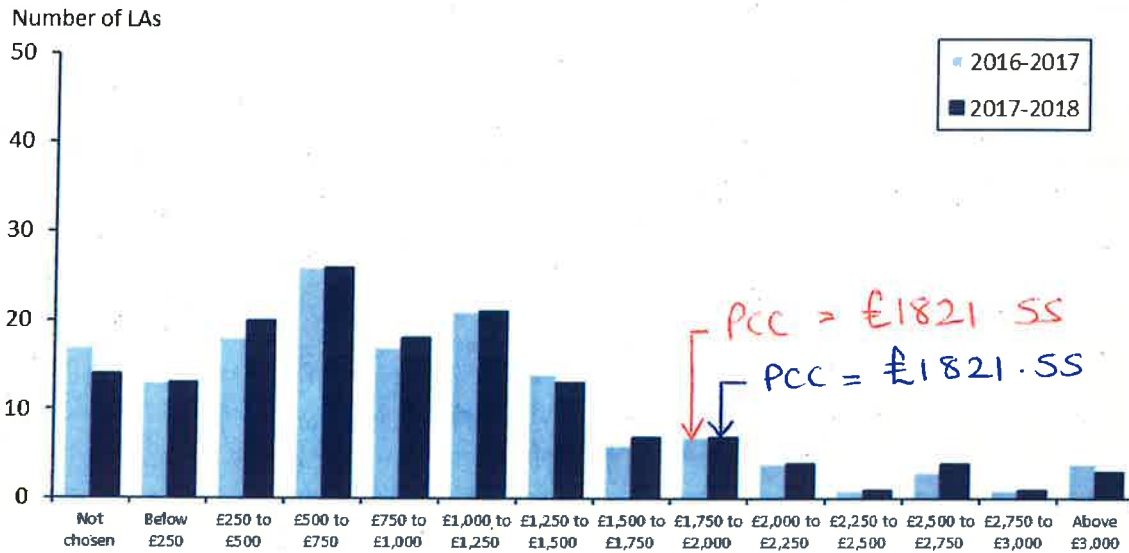
Use of this factor is optional, and 139 local authorities have chosen to use it, compared with 136 in 2016 to 2017.



Local authorities can choose one of three indicators for this factor: the number of pupils with EAL who entered the compulsory school system in either the last one, two or three years.

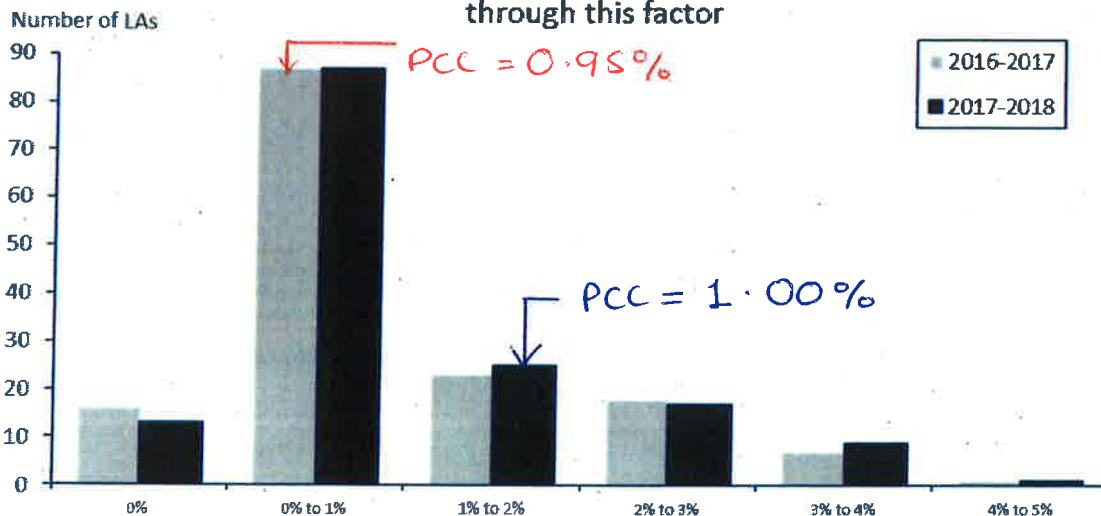
For the primary indicator, the distribution of per-pupil values is relatively narrow with 70% of local authorities allocating between £250 and £1,000 per pupil. Only 1 authority allocates over £1,500. By contrast there is rather greater variation in the per-pupil values selected for the secondary indicator; these range from £75 to £3,543.

Secondary English as an additional language - per-pupil values



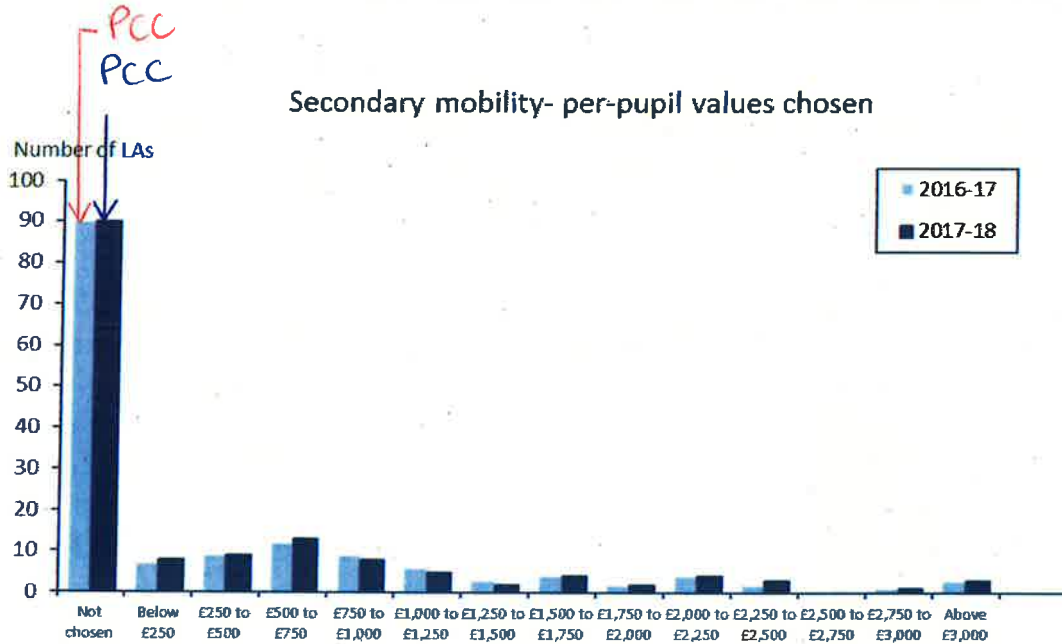
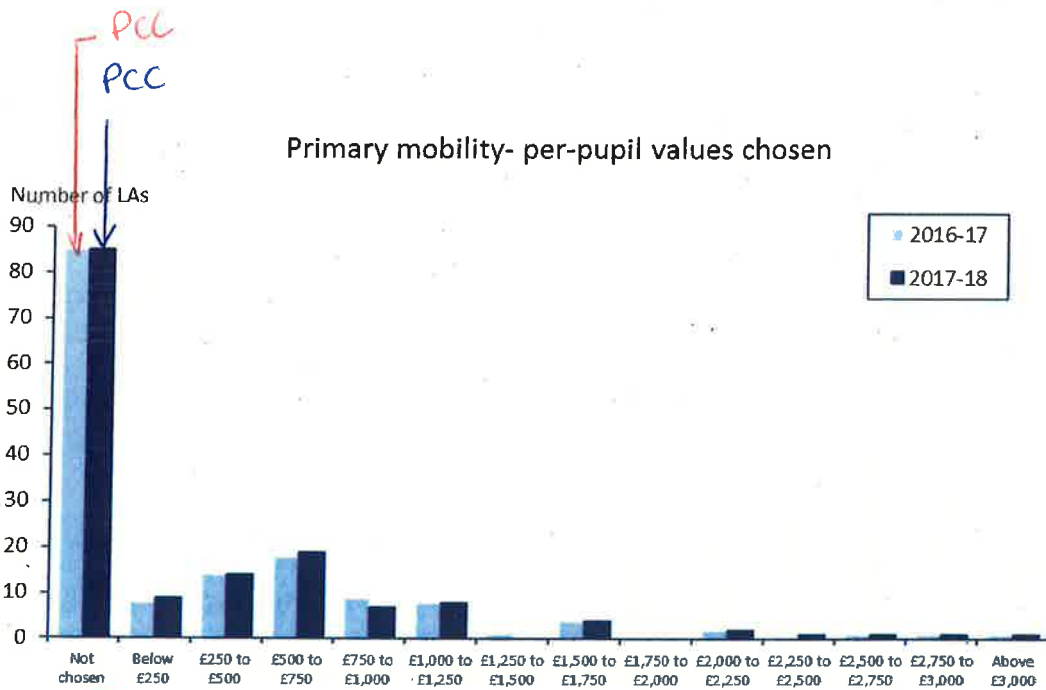
With pupils attracting funding through the EAL factor being smaller in number than those attracting funding through many other factors, across all local authorities 0.9% of funding is allocated through this factor, unchanged from 2016 to 2017.

English as an additional language - percentage of funding allocated through this factor



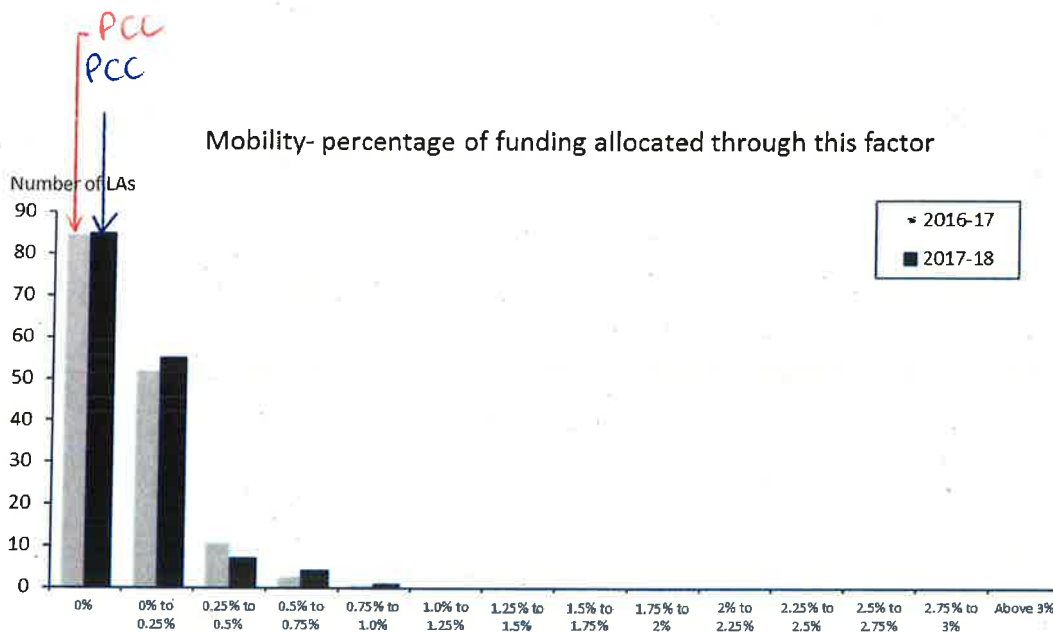
Mobility

Use of this factor is optional, and only 67 of the 152 local authorities have chosen to use it (this is the same as in the 2016 to 2017 formulae). The indicator for this factor is the number of 'mobile' pupils in excess of 10% of pupils, and is payable on the number of pupils exceeding this cut off (e.g. if a school has 12% mobile pupils, funding is applied to 2%).



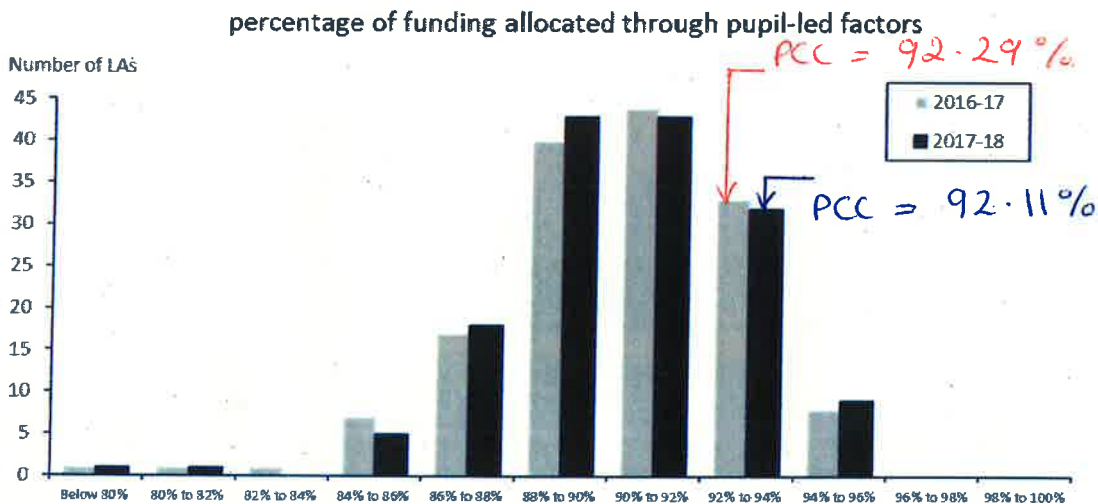
Primary per-pupil amounts range from £10 to £3,000, and the secondary per-pupil amounts from £10 to £19,068.

All the local authorities which are incorporating the mobility factor into their 2017 to 2018 funding formulae are using it to allocate less than 1% of their schools block funding, and only five are allocating more than 0.5%. Across all local authorities as a whole, some 0.1% of schools block funding is being allocated through this factor, the same as in the 2016 to 2017 formulae.



Total funding through the pupil-led factors

The factors highlighted above (i.e. basic per-pupil entitlement, deprivation, looked-after children, prior attainment, English as an additional language, and mobility) are pupil-led. Although there is considerable variation across local authorities in the choices of factors used, the per-pupil amounts, and the proportions of funding allocated through each one, overall there is strong consistency in the proportions of funding allocated through the pupil-led factors as a whole.



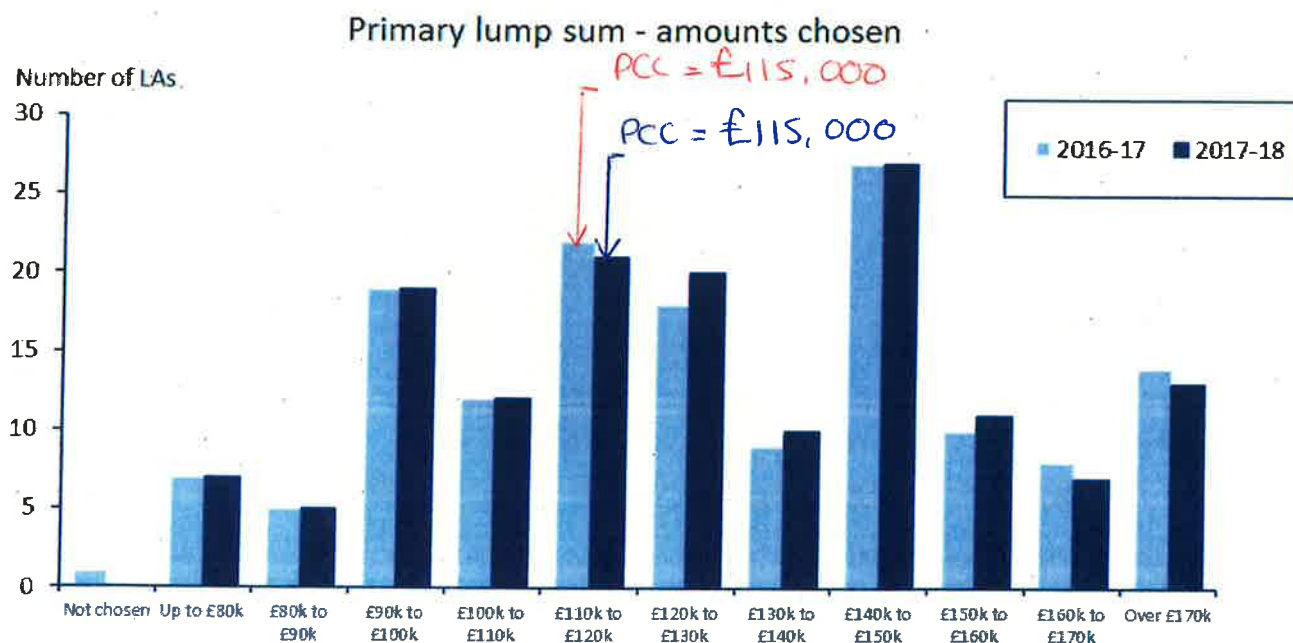
A requirement for the 2017 to 2018 formulae is that across each local authority as a whole, a minimum of 80% of schools block funding must be allocated through these pupil-led factors. Note that the Isles of Scilly has only a single school, and does not formally receive DSG schools block funding in the same way as the other authorities, so the 80% requirement, which is set out in the DSG conditions of grant, does not apply to them; they are the block on the chart above shown below the 80% level.

All other authorities are allocating more than 80% of their funding through a combination of the pupil-led factors, the lowest being 80.9%. In total 78% of authorities are allocating between 88% and 94% of their funding through these factors.

Across all authorities, a total of 89.6% of funding in 2017 to 2018 formulae is being allocated through the pupil-led factors. This compares to 89.84% of funding in 2016 to 2017, 89.73% in 2015 to 2016, 89.56% in 2014 to 2015 and 89.46% in 2013 to 2014.

Lump sum

In 2017 to 2018 formulae, local authorities can use this factor to allocate a lump sum of the same amount to all schools, up to a maximum of £175,000. Separate lump sums can be specified for primary schools and secondary schools, up to a maximum of £175,000. All-through schools receive the lump sum specified for secondary schools. Middle schools receive a weighted combination of the two, based on the number of year groups of each phase present at the school. For a school which amalgamated during the 2016 to 2017 financial year, authorities must allocate it additional lump sum funding, so that it receives 85% of the combined lump sums that its predecessors would have received under the 2017 to 18 formula.



Although this is an optional factor, like last year all local authorities have chosen to include it in their 2017 to 2018 funding formulae³. There is substantial variation in the

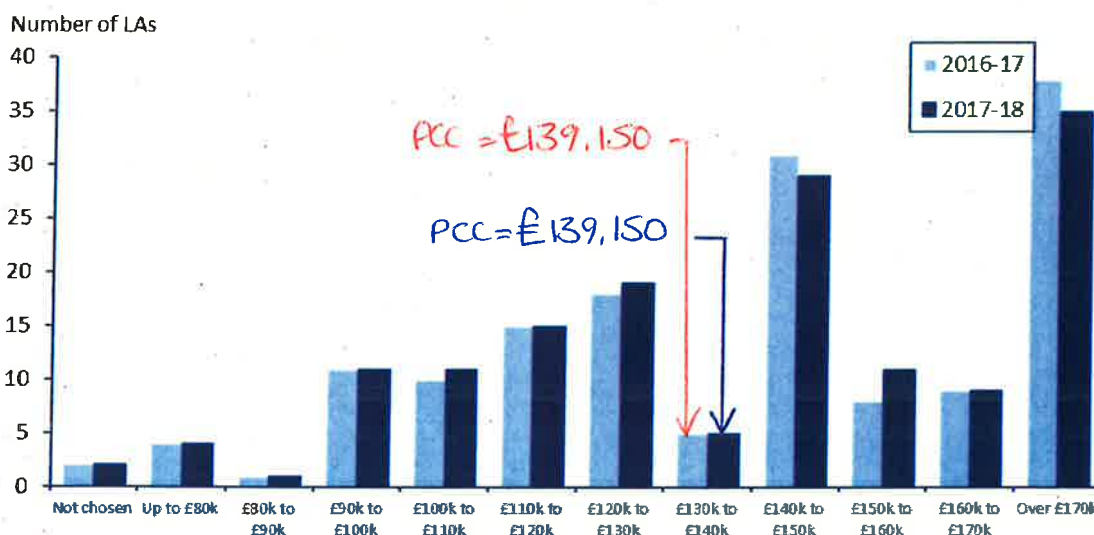
³ Isles of Scilly are the LA represented by the "Not chosen" bar for 2016 to 2017 primary lump sum amounts; they did not select a primary lump sum but did specify a secondary lump sum. City of London and Haringey are the LAs represented by the "Not chosen" bar for 2017 to 2018 secondary lump sum amounts.

value of the lump sums selected. For both primary and secondary lump sums, they range from £48,480, up to the maximum £175,000, which was chosen by 13 authorities for their primary lump sum amount and 33 for their secondary lump sum.

There are 85 authorities that have selected equal primary and secondary lump sum amounts. Fifty-four have selected a greater secondary lump sum than primary; and 13 authorities have selected a greater primary lump sum than secondary.

Note that in the lump sum - amounts chosen charts, lump sum choices of exactly a multiple of £10,000 are shown in the category for which that is the top of the band: so for example the two local authorities with a primary lump sum of £140,000 are included in the “£130k to £140k” category.

Secondary lump sum - amounts chosen



Overall, local authorities are allocating a slightly lower proportion of their schools block funding through the lump sum factor than last year: 8.1% in 2017 to 2018 compared to 8.2% in 2016 to 2017.

Sparsity

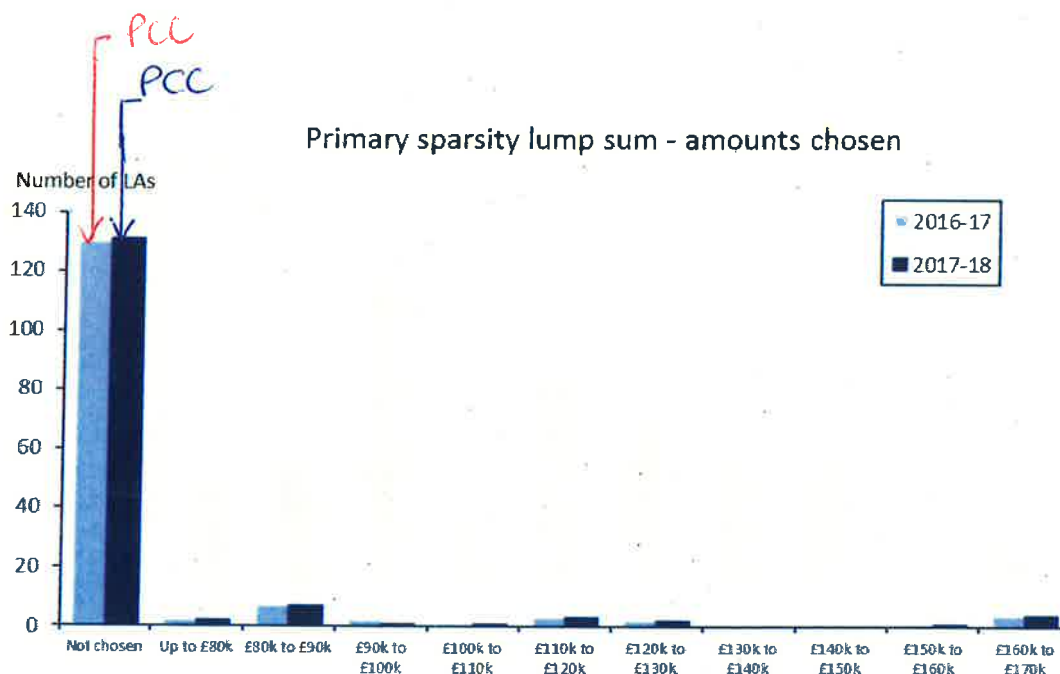
This factor was introduced into the funding formula arrangements in 2014 to 2015.

Whether a school is deemed to be sparse depends on two considerations: its “sparsity distance” and the average number of pupils per year group.

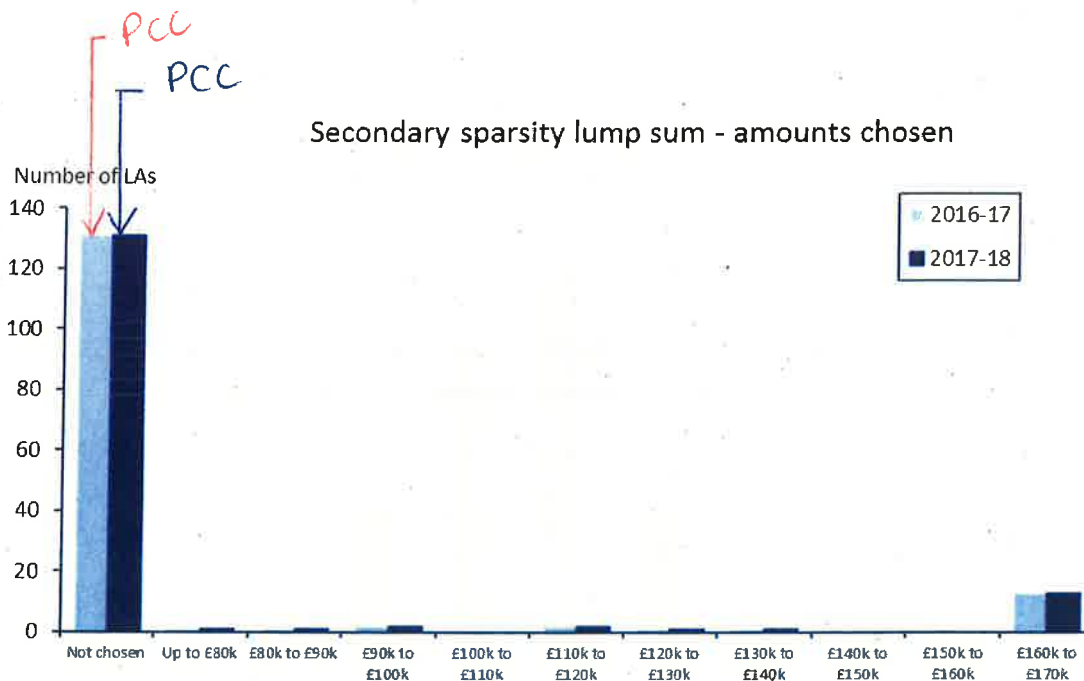
A school’s sparsity distance is derived from those pupils for whom it is their closest school (irrespective of whether they attend it). For all those pupils, the average distance to their second nearest school for these pupils is calculated. Distances are calculated using the crow flies distance from a pupil’s postcode to a school’s postcode.

The sparsity factor may be applied to small schools where the average distance to pupils’ second nearest school is at least 2 miles (for primary schools, middle schools and all through schools) or 3 miles (for secondary schools). Schools must also have an average

number of pupils per year group no larger than 21.4 pupils for primary schools, 120 pupils for secondary schools, 69.2 pupils for middle schools or 62.5 pupils for all-through schools. Local authorities can narrow the eligibility criteria for the factor, by increasing the average distance to the second nearest school and / or reducing the average pupil number maximum thresholds, but they cannot widen the eligibility criteria. Local authorities can set different sparsity lump sum amounts for each of these four phases of school, up to a maximum of £100,000 per school. They can also choose in each case whether to apply a 'taper' so that the funding given to a sparse school depends on how many pupils they have (so that the smaller schools receive higher sparsity funding) or that all sparse schools receive the same specified sparsity lump sum. Additional sparsity funding of £50,000 can also be allocated to very small, sparse secondary schools.



Only 25 local authorities are using the sparsity factor in 2017 to 2018 (in 2016 to 2017 there were 24) with 127 not incorporating it into their formula. Many of those authorities not using the factor do not have any schools meeting the maximum permissible average year group size and minimum permissible distance thresholds for eligibility for funding through the factor, so do not have any sparse schools.



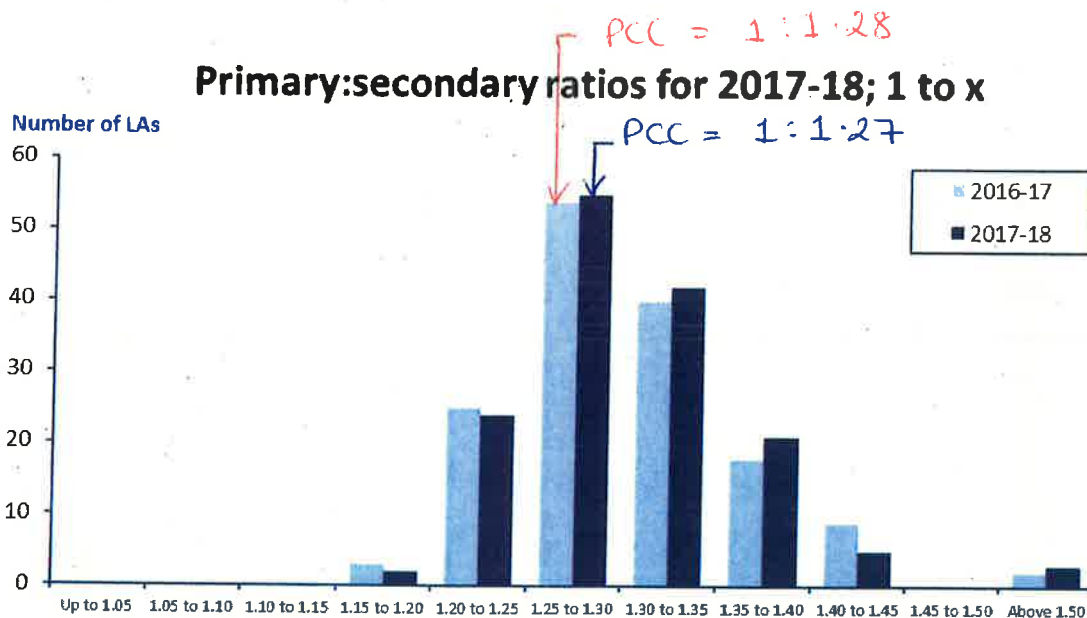
Of those that are using the factor, and excluding the Isles of Scilly (a notional 4%), the proportion of their schools block funding which they are allocating through this factor ranged from 0.01% to 0.91%. Across all authorities, 0.05% of funding has been allocated through this factor, the same as in 2016 to 2017 formulae.

Other formula factors

Information for each local authority on the formula factors not discussed in this note (London fringe, split sites, rates, PFI funding, and exceptional circumstances) can be found in the accompanying data file.

Primary:secondary funding ratios

Local authorities' 2017 to 2018 schools block funding formulae have been used to calculate the relative differences in per-pupil funding allocated to secondary pupils compared to primary pupils. With the exception of the City of London, which has a single maintained primary school so does not have secondary pupils, the ratios of secondary to primary per-pupil funding under 2017 to 2018 formulae are shown on the chart below. A ratio of 1 : 1.24, for instance, indicates that secondary-age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.



The overall ratio nationally across all local authorities is 1 : 1.29, unchanged from the 2016 to 2017 formulae. The median local authority ratio is 1 : 1.30, again unchanged from the 2016 to 2017 formulae. For 11 authorities, their ratio in 2017 to 2018 has decreased by more than 0.01 compared to last year, while for 18 authorities, their ratio has increased by more than 0.01. For the remaining 122 authorities, their ratio changed by less than 0.01 either way.

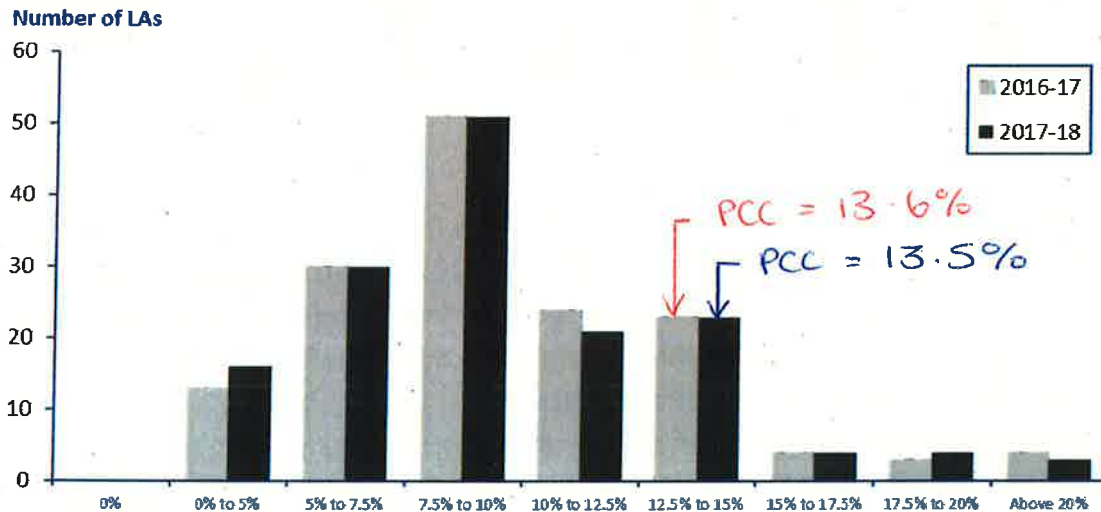
These ratios have been calculated for each local authority from the information they submitted to the ESFA as follows. The first step is to split funding for primary pupils and funding for secondary pupils. For the factors with separate primary and secondary indicators (for example, basic entitlement and deprivation), this split is simply the amount of funding allocated through each type of indicator. For the other factors (with the exception of historic commitments for sixth form funding, which is excluded), the amount of funding allocated to each school in the local authority area is split between primary and secondary in proportion to the number of pupils in each phase at the school. These amounts are aggregated to estimate the total funding for primary pupils and the total funding for secondary pupils. These amounts are then divided, respectively, by the number of primary schools block-funded pupils on roll and the number of secondary schools block-funded pupils on roll in the authority. This gives per pupil funding amounts for primary and secondary phases, and the ratio of the two is taken.

This calculation excludes the effects on schools' funding of applying the minimum funding guarantee (MFG), and excludes any further capping or scaling factors applied by local authorities to ensure that the total funding allocated through their formulae is affordable within the total DSG schools block they have been allocated for financial year 2017 to 2018. For academies, the calculation is based on the amount of schools block funding they would receive in 2017 to 2018 were they a maintained school.

Notional SEN

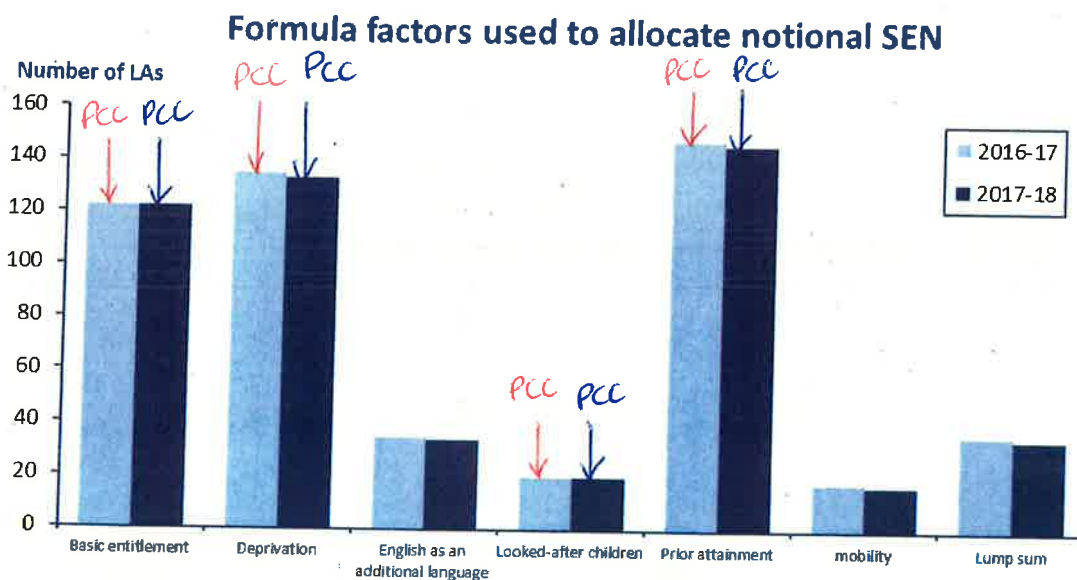
Funding for notional special educational needs (notional SEN) is not a separate formula factor. Rather, local authorities must specify how much of the schools block funding a school receives through the formula constitutes its notional SEN budget. In their funding formulae for 2017 to 2018, local authorities specify what percentage of funding allocated through each factor contributes to the notional SEN budget.

percentage of funding allocated to notional SEN



The chart above shows how, at overall local authority level, the notional SEN budget in 2017 to 2018 varies as a percentage of the total schools block formula allocation (before the application of MFG, capping and scaling). Some 125 (82%) of authorities are allocating between 5% and 15% of schools block funding as notional SEN.

The overall percentage of formula allocation which is designated as the notional SEN budget across all local authorities is 10%, the same as in 2014 to 2015, 2015 to 2016 and 2016 to 2017. The median notional SEN allocation is 8.8%. However, as the chart shows, like last year there is a wide variation across local authorities.



The chart above shows the number of local authorities for which each factor is being used to determine schools' notional SEN budgets. In 2017 to 2018 formulae, prior attainment is again the factor most commonly contributing to notional SEN; 146 of the 150 authorities featuring the factor in their formula are doing this. The majority of authorities are also assigning a percentage of their basic entitlement and deprivation funding into notional SEN. For the formula factors not displayed on the chart (such as sparsity, split sites, etc.) only at most a few authorities are using these for notional SEN in each case. Full details on the use of factors to calculate notional SEN in 2017 to 2018 can be found in the accompanying data file. Overall, the pattern of factors used to calculate notional SEN is similar to 2016 to 2017 formulae.

Growth fund

Subject to the approval of their schools forum, local authorities are able to retain some of their schools block funding centrally (i.e. rather than allocate it to their individual schools) for a growth fund. This can be used only for the purposes of supporting growth in pre-16 pupil numbers to meet basic need pressures, to support additional classes needed to meet the infant class size regulation, and to meet the costs of new schools. Authorities must use the fund on the same basis for the benefit of both maintained schools and academies in their area.

Some 132 of the 152 authorities are retaining a growth fund in 2017 to 2018, compared to 131 doing this in their 2016 to 2017 formulae. The total value of these growth funds is £168.7m. Growth fund amounts for individual authorities range from £35,000 to £7.5m.

Falling rolls fund

Local authorities were also able to retain funding centrally for falling rolls to prepare for a future population bulge, again subject to the approval of their schools forum. The falling

rolls fund should be restricted to population increases expected in two to three years in necessary schools which are classed by Ofsted as good or outstanding. The fund cannot be used by authorities to prop up unpopular or failing schools.

Only 28 authorities are retaining a falling rolls fund in their 2017 to 2018 formulae (compared with 30 in 2016 to 2017), with a total value of £10.1m. Falling rolls fund amounts for individual authorities range from £40,000 to £2m.

Information about the data file

Alongside this document, the DfE has published a detailed data file in Microsoft Excel format showing the 2017 to 2018 funding formula used by each local authority, as they stood at 9 March 2017.

“Proforma” sheet

The sheet entitled “Proforma” allows the full data for a single authority to be displayed on the screen. Click on the purple cell near the top of the page next to the LA Name label, then click on the drop-down arrow that appears alongside, to select a new local authority.

“FINAL MI Data” sheet

The sheet entitled “FINAL MI Data” gives the proforma data values for each authority in a large table. This section provides a description of all the columns displayed here.

Reception Uplift

The “Reception Uplift” column indicates which local authorities have opted to increase the count of primary pupils to which the basic entitlement primary indicator applies, to include pupils with deferred entry into reception later in the year. The other column in this section indicates the number of pupils this applies to.

Basic entitlement

This section shows the per-pupil funding amounts local authorities have chosen for the primary and secondary indicators in their 2017 to 2018 formulae; the number of pupils in mainstream maintained schools and academies in the authority as a whole to which each indicator applies; the total amount of schools block funding allocated to maintained schools and academies through each factor; the proportion of schools block funding allocated through each factor; and the proportion of the factor’s funding which contributes towards notional SEN budgets.

Deprivation, looked-after children, prior attainment, English as an additional language, mobility

These sections also show the per-pupil amounts chosen, the number of pupils, the total/proportion of funding allocated to schools through each factor, and contribution to notional SEN budgets. For the indicators where local authorities had a choice as to which specific measure to use for their formulae, columns indicate the selection. Explanations for the entries in these columns are given below. For each, the entry “N/A” means that a local authority has chosen not to use a particular factor or indicator.

Deprivation – Primary FSM Factor, Secondary FSM Factor:

- FSM % Primary / FSM % Secondary: Indicator used is the number of pupils who are eligible for FSM.
- FSM6 % Primary / FSM6 % Secondary: Indicator used is the number of pupils who are FSM Ever 6.

English as an additional language – Primary (1/2/3/NA), Secondary (1/2/3/NA):

- EAL 1 Primary / EAL 1 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in the last year.
- EAL 2 Primary / EAL 2 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in either of the last 2 years.
- EAL 3 Primary / EAL 3 Secondary: Indicator used is the number of pupils with EAL who entered the compulsory school system in any of the last 3 years.

Prior attainment – Primary Low Attainment (73/78/NA):

- Low Attainment % old FSP 73: Indicator used is the number pupils in years 5 to 6 who did not achieve 73 points or more in the old early years foundation stage profile.
- Low Attainment % old FSP 78: Indicator used is the number pupils in years 5 to 6 who did not achieve 78 points or more in the old early years foundation stage profile.

Lump sum

Lump sum funding is shown in two places in the data file. Most funding through the lump sum factor is shown in the group of columns entitled “Lump sum”. However there is also a small amount of lump sum funding displayed in the “Exceptional circumstances” section, in the first four columns of this group (all of which have a column title “Additional lump sum...”). The data here relates specifically to additional lump sum funding which authorities are allocating to schools which amalgamated during the 2016 to 2017 financial year. As explained previously, authorities must allocate such schools additional lump sum funding, so that they receive 85% of the combined lump sums of its predecessors. Authorities could also apply to continue protection for schools which amalgamated during the 2015 to 2016 financial year. The data are presented in this way because authorities recorded any additional lump sum funding for previous year amalgamations in a different section of their formula submission.

Therefore the total amount of funding that each authority is allocating through the lump sum factor is obtained by summing the values in the “Lump Sum total” and “Additional lump sum total” columns. Similarly, the proportion allocated through the lump sum factor is obtained by summing the values in the “Lump Sum proportion” and “Additional lump sum proportion” columns.

Sparsity

Sparsity funding is also shown in two places in the data file. Most funding through the sparsity factor is shown in the group of columns entitled "Sparsity". However there is also a small amount of sparsity funding displayed in the "Exceptional circumstances" section, in the group of three columns following the additional lump sum data. The data here relates specifically to additional sparsity funding which authorities are allocating to very small, sparse secondary schools.

(London) fringe payments, split sites, rates, PFI funding, sixth form, exceptional circumstances

These sections of the data file show the total funding and proportions of funding allocated to schools through each factor.

Schools block

The "Total Funding Schools Block Formula Excl MFG Funding Total (£)" column gives the total amount of money allocated to mainstream maintained schools and academies in 2017 to 2018 under local authorities' basic funding formulae.

Minimum funding guarantee

The MFG protects the per-pupil funding of schools from one year to the next and for 2017 to 2018 has been set at -1.5%. The column "Minimum Funding Guarantee (£)" is the total funding authorities are allocating to their schools, over and above the amounts derived through their basic formula, to ensure this condition is met.

In addition, local authorities are allowed to set capping and scaling factors to ensure that the amount of funding allocated through their formula (and including any additional funding to ensure the MFG is met) fits within the total DSG schools block available to them. Any change in the per-pupil funding amount in 2017 to 2018 compared to 2016 to 2017 for an individual school can be capped at a level specified by the local authority: these caps are given in the column "Capping Factor". Any school which sees its per-pupil funding increase by more than the level of the cap will see any additional increase scaled back, to some extent (see next paragraph). For example, in this column a 0% cap means that the local authority will start scaling back any increase in per-pupil funding. A capping factor of 2% means that any rise in per-pupil funding of more than 2% will be scaled back.

The column "Scaling Factor" indicates the amounts by which schools' increases in per pupil funding over the level of the cap will be reduced. So, for example, a 100% scaling factor means that ALL increases in per-pupil funding above the level of the cap will be removed – in other words the cap is a strict limit on the increase in per-pupil funding in 2017 to 2018 compared to 2016 to 2017. Similarly, a 50% scaling factor means that

schools will lose half of any per-pupil funding increase above the level of the cap. Authorities showing 0% values in both the “Capping Factor” column and the “Scaling Factor” column are not restricting per-pupil increases compared to 2016 to 2017 in order to stay within their available funding.

The “Total deduction if capping and scaling factors are applied (£)” column shows the total amounts that have been taken off school budgets due to the application of the capping and scaling factors. Clearly, any school requiring additional funding in addition to that specified by a local authority’s basic formula in order to meet the MFG will not also be subject to capping and scaling reductions. Any entry of zero in this column means that capping and scaling has not led to any deductions in funding compared to the basic formula for any schools in the local authority area.

Totals

The “Total Funding for Schools Block Formula (£)” column shows the total schools block funding allocated to mainstream maintained schools and academies in each local authority under their 2017 to 2018 formulae, after additions for MFG funding and deductions from capping and scaling. Note that these figures will not exactly match the total DSG schools block funding for 2017 to 2018 that has been allocated to each local authority. This is for a number of reasons. The funding formulae specify the funding allocated to individual schools, and so exclude central schools block budgets (such as the growth fund and falling rolls fund, which are shown in the correspondingly named columns). The DSG funding blocks are notional and local authorities can move funding between blocks. Also the funding formulae will reflect any brought forward over- and under-spends, and authorities supplementing DSG from other funding sources.

For the other columns in this section:

- % Distributed through Basic Entitlement – the proportion of schools block funding being allocated through the basic entitlement factor in each local authority, prior to MFG and capping and scaling.
- % Pupil Led Funding – the proportion of schools block funding being allocated through the pupil-led factors (i.e. basic entitlement, deprivation, looked-after children, prior attainment, English as an additional language, and mobility), prior to MFG and capping and scaling.
- Primary/Secondary Ratio – the local authority’s primary:secondary funding ratio; a figure of 1.24, for example, denotes a ratio of 1 : 1.24, meaning that secondary age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.



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Agenda Item 11

Report to: Schools Forum

Subject: The Harbour School

Date of meeting: 12th July 2017

Report from: Alison Jeffery, Director of Children, Families and Education

Report by: Julia Katherine, Head of Inclusion, Education Service

1. Purpose of report

- 1.1 The purpose of this report is to update Schools Forum on the progress that has been made to address the financial and structural issues at The Harbour School (THS); whilst ensuring the educational offer to pupils is maintained and enhanced.

2. Recommendation

- 2.1 It is recommended that Schools Forum note the significant progress that has been made to address the financial and structural issues at The Harbour School and endorse the next steps that are now being taken as set out in section 4 of the report.**

3. Background

- 3.1 The Harbour School opened in September 2007 and provides specialist provision and outreach services for children and young people with social, emotional and mental health (SEMH) needs and those with medical needs. The school currently operates across four sites in the city: Cosham, Tipner, Fratton and Stamshaw. The school was last inspected by Ofsted on 3rd June 2015 and was rated as Good.
- 3.2 The school is commissioned by the Council to deliver the following:
- 95 Special Educational Needs (SEN) places for pupils with an Education Health and Care Plan (EHCP) with a primary need of SEMH across Years 5 to 11
 - 105 Alternative Provision (AP) places, including 6th day provision, for pupils who have been permanently excluded from mainstream schools
 - The equivalent of 38 FTE places for pupils who are not able to attend school due to medical issues.
- 3.3 A financial notice of concern was issued to the Governing Board of The Harbour School on 30th November 2015. This notice was issued because the

school had made insufficient progress to safeguard the financial position of the school and to address the growing deficit which was projected to increase to £730,000 by the end of the financial year. The financial notice required the governing body to take the following actions in relation to the management of funds delegated to it:

1. Prepare a redeveloped three year deficit recovery plan.
2. Ensure that an appropriately trained / qualified person chairs the finance committee of the governing body
3. Hold monthly financial monitoring meetings at the school attended by the headteacher, the school's finance officer and Local Authority officers.

3.4 By the end of the compliance period the governing body had complied with actions 2) and 3) but had still not developed a deficit recovery plan. The period for the governing body to comply with action 1) was extended by an additional 3 months to 31st May 2016. The governing body failed to comply with the required action by the end of the extended compliance period and on 1st June 2016 the Local Authority issued a Warning Notice under Section 60 of the Education and Inspections Act 2006.

3.5 The governing body was also notified of the Local Authority's intention to apply to the Secretary of State for consent to constitute an Interim Executive Board (IEB) and to consult with the governing body in that regard if the warning notice was not complied with. The warning notice was not complied with and subsequently a successful IEB application was made to the Secretary of State and an IEB was put in place on 15th July 2016. At the same time the Headteacher left to take up a new role outside of Portsmouth.

3.6 During July, the Council commissioned Delta Education Trust (DET) to conduct a review of the following:

- The Harbour School's preliminary 3 year budget deficit recovery plan and the actions that are being taken / proposed to deliver the required savings, in particular:
 - To review and assess the current proposals put forward to reduce the schools administrative, leadership, ICT and premises teams and other savings in terms of deliverability and the potential effect on the management and operation of the school
 - To consider and present alternative options for delivering the savings required from the non-teaching and teaching budgets, together with potential timescales, risks and mitigations
 - To review and consider alternative delivery models for the services provided by the school
- The Harbour School's provision and curriculum offer taking into account local need and demand; the current funding model; the current volatility in funding and future changes to funding
- The future viability of The Harbour School's traded services offer to schools

- The specification for the design of the refurbished Vanguard Centre - alongside the review of the curriculum offer in order to determine whether the proposed design is fit for purpose for what is required in terms of a future curriculum offer that will offer young people improved pathways to further education and employment.

3.7 In addition to the above, DET was asked to:

- Consider interim executive leadership support from September 2016 for up to two terms
- Identify the potential barriers to Academy conversion and actions that could be taken to mitigate those barriers.

3.8 Following the review, the IEB commissioned DET to provide interim executive leadership support for 3 days a week from September 2016 (subsequently reduced to 1 day a week from April 2017). At the same time, the then Director of Outreach (Ian Hunkin) was appointed as the Acting Head of School to provide leadership, reporting to the Executive Headteacher (job share between Jo Perry and John White of DET).

4. Summary of progress and next steps

4.1 The progress that has been since the summer of 2016 has been significant and can be summarised in terms of:

- Financial management
- Staffing restructure
- Curriculum changes and site rationalisation
- Preparing for a transfer to a Multi Academy Trust

Financial Management

4.2 The financial health of The Harbour School has improved considerably since the IEB was established and the school is now expecting to operate with a small in year surplus by 2018/19. This has been as a result of:

- Detailed monitoring of the budget by the IEB supported by additional financial expertise from DET (interim support from DET's Chief Finance Officer)
- Staffing restructure (refer to paragraphs 4.4 to 4.5) resulting in a reduction of 16 posts
- Agreement by Schools Forum to increase the 'top up' rate for Alternative Provision placements from £6,000 to £8,000 full time equivalent
- Operating as a smaller school but based on a higher occupancy
- Ensuring that all pupils that should have an Education, Health and Care Plan have been assessed as per the statutory process

4.3 As a result of these actions, the deficit of THS by the end of financial year stood at £654,368, considerably lower than the figure of circa £1m that was

being forecast last year. The deficit is expected to increase slightly during 2017/18, due largely to the one-off costs from the staffing restructure, and also because the full effect of the savings arising from the restructure not being realised until September 2017.

Staffing restructure

- 4.4 A phased staffing restructure of THS has now largely been completed, resulting in a reduction of 16 staff, the majority of which (11 in total) were in non-teaching posts (senior leadership, administration, ICT and premises). As a result of the restructuring there are now clear lines of responsibility and accountability.
- 4.5 Ian Hunkin was appointed as the Head of School on a permanent basis from April 2017.

Curriculum changes and site rationalisation

- 4.6 A number of significant curriculum changes have been introduced to THS in order to provide an improved offer and pathways for children and young people attending the school. This has included:
- A more vocational offer at the Fratton site for Key Stage 4 alongside nurture / readiness to learn and more academic pathways
 - Development of the medical continuum, based at Cosham
 - Establishment of more intensive provision for learners with the most complex SEMH needs, 'The Bridge', in addition to that already established at the Stamshaw site
 - More early intervention to support pupils returning to mainstream and flexible pathways to enable vulnerable Key Stage 4 pupils to remain in school whilst accessing part time vocational programmes at THS.
- 4.7 The five sites have been reduced to four since May 2017, following the transfer of provision at Milton to the Cosham site. Capital improvements at the Cosham site have been funded by the Council to support this.
- 4.8 Plans are in hand to relocate the provision at Fratton to the new bespoke provision at the Vanguard Centre in Cosham, a centre which will be specifically designed to enable the delivery of a more vocationally based curriculum which will better meet the needs of Key Stage 4 pupils. The Vanguard Centre is due to open in September 2018 at a cost of over £2m.

Preparation of a transfer of The Harbour School to a Multi Academy Trust

- 4.9 As part of its remit, the IEB was tasked with overseeing the transfer of THS to an Academy sponsor. Following careful consideration of the options and due diligence, agreement has recently been reached by the IEB to select Delta Education Trust (DET) as the preferred sponsor. It is likely that DET will confirm their support for this at a Trustees meeting on 7th July 2017.

Confirmation from DET will be subject to a commitment from the Council that financial support will be provided to address the deficit position of the school. This will be subject to a decision by the Cabinet Member and endorsement by Schools Forum in the Autumn 2017.

4.10 The transfer to Delta Education Trust is likely to be completed by September 2018.

5. Equality impact assessment

5.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal implications

6.1 There are no legal implications arising from the recommendations within this report. The report is for information only.

7. Head of Finance comments

7.1 As highlighted within the report action has been taken by the Interim Executive Board, with the support of the Delta Education Trust to improve the financial health of the school. As a result of these actions over the past 12 months, the school balances at the end of the year amounted to a deficit of £654,368, which is significantly less than had been forecast by the school at the beginning of the year.

7.2 The school are currently in the process of completing a staffing restructure, with the intention that the school will be financially sustainable in the longer term. During the transition period it is expected that the deficit may increase slightly from the level at the 31 March 2017. The Delta Education Trust and the Interim Executive Board are supporting the school with the development of budget plans; which will be reviewed by the Local Authority.

7.3 A further update will be provided to the Cabinet Member and Schools Forum in the Autumn. As the school completes its transition to a financially stable position, it is expected that financial support will be required from the Dedicated Schools Grant, in order to allow the school to move forward and continue to provide the SEN support required in the city.

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Signed by: Alison Jeffery, Director of Children, Families and Education

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

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

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Signed by:



Report to Schools Forum

Subject: SEND capital funding for special school places

Date of meeting: 12 July 2017

Report from: Alison Jeffery
Director of Children, Families and Education

Report by: Caroline Corcoran
Head of Sufficiency, Participation and Resources
Education Service

1. Purpose of report

- 1.1 The purpose of this report is to provide an update on the progress and costs of the works required to adapt the accommodation at both Redwood Park Academy and Cliffdale Primary Academy to support the remodelling of the Special Schools and to support children with more complex needs.

2. Recommendations

- 2.1 **It is recommended that Schools Forum note that:**

- a) **the project at Cliffdale Primary Academy will be completed in full. This will enable Cliffdale Academy to be fully equipped with sufficient and appropriate provision for primary aged pupils with more complex needs. The completion of the Cliffdale project will also enable modern modular accommodation to move to Redwood Park Academy, providing a medium-term temporary solution addressing the majority of the phase 1 requirements at Redwood Park Academy.**
- b) **£896,000 of capital funding is to be re-allocated from Redwood Park Academy to Cliffdale Primary in order to provide the necessary funding (of £3.096m) to complete the Cliffdale project and relocate the modular buildings.**

3. Background

- 3.1 On 9th February 2016, Full Council allocated £1.2m towards the works required to adapt the accommodation at Redwood Park Academy and Cliffdale Primary Academy.
- 3.2 In addition to this, on 24th February 2016, Schools Forum endorsed a proposal to allocate £2m from the Dedicated Schools Grant carry-forward.

This funding was allocated for the purpose of supporting the remodelling of the Special Schools to provide for children with more complex needs within the City, and ultimately reduce out of city placements. This proposal was subsequently approved by the Secretary of State for Education in June 2016.

- 3.3 Therefore, the total funding available to develop provision across the two sites was £3.2m.
- 3.4 A report to the Schools Forum in October 2016 noted that detailed feasibility studies had been undertaken at both schools to determine the scope and scale of works required to remodel the accommodation. The feasibility work had confirmed that the overall cost to fully remodel both schools would be in excess of £5m. Detailed designs were being prepared so that both schemes could be completed using a phased approach as and when further funding became available.
- 3.5 In Autumn 2016, detailed designs were costed for Cliffdale, confirming that a total budget of £3.2m would be sufficient to complete the works. The works at Redwood Park have not progressed to detailed design and there is not a formal cost estimate at this stage. However, an initial assessment of an undefined scope of works, based on the area multiplied by the average square meterage rate indicates that the costs would be in the region of £4.5m. More detailed work will be required in due course to establish a formal cost estimate.
- 3.6 The Council has been working with Redwood Park Academy and Cliffdale Primary Academy (both part of Solent Academies Trust) to ensure that the two schools can take more complex cohorts of pupils. As full funding was not in place at the outset, it was agreed that a phased approach to any building works would be needed to ensure that both schools were kept operational with a clear strategy in place for when future funding opportunities become available.
- 3.7 Following discussions with the Solent Academies Trust, the projects have been designed in a way that enables a phased approach to be taken to maximise the accommodation that is currently available whilst providing a sustainable operational delivery model for both schools whilst awaiting the opportunity to apply for future capital funding to deliver all, or phases of the future project.
- 3.8 At the same time, the Council has been working with mainstream schools to develop more inclusive mainstream education (as part of the agreed Inclusion Strategy) for pupils with less complex needs.
- 3.9 Pupils would usually progress from Cliffdale Academy at primary phase to Redwood Park Academy at secondary phase. Providing for the complex needs of the changing cohort requires a significant remodelling of the teaching accommodation at both schools. The remodelling works will also address both suitability and condition issues due to the age of the buildings.

- 3.10 No further budget source has been identified at this time. To date £150,000 of the overall budget has been spent on initial feasibility and improvement works. This leaves a remaining total available budget of £3.05m.
- 3.11 The developments at Cliffdale and Redwood Park were initiated with the intention of reducing spending on out of city placements. There has not been a reduction in costs so far, and there has been a continued increase in the number of children with complex needs. The Council will continue to closely monitor this trend of increased numbers being referred for special school places, in particular for children with severe learning difficulties and complex needs, as this is putting pressure on our currently commissioned provision.
- 3.12 Further steps have been taken to address the pressures on provision including:
- The successful bid for funding to build a special free school, in partnership with Hampshire County Council. This school will provide 40 additional places for children with Autism/Social Communication Needs and other associated difficulties.
 - The commissioning of a strategic review of SEND provision in partnership with Southampton City Council to look at meeting the increasing need for specialist placements within the resources that are available. This review will be completed by March 2018 and will explore ways in which provision could be commissioned differently to better meet identified needs.
 - The establishment of an Inclusion Group, which reports both to the Portsmouth Education Partnership and SEND Board to look at the support that mainstream schools need to effectively meet the needs of the increasing numbers of children who are remaining in mainstream provision with additional needs.

4. Cliffdale Primary Academy

- 4.1 As the needs in the City have changed and mainstream schools have become more inclusive, Cliffdale Academy has taken on more complex needs including autistic spectrum conditions. The accommodation has not changed to support this. Pupils with complex needs require an increased level of multi-sensory work and support spaces to allow groups of varying sized to take part in different therapy activities.
- 4.2 The original intention for Cliffdale was a two-phased delivery option, with the first phase estimated at Cliffdale Academy in the region of £2m and the second phase (when funding became available at a later date) estimated at £1.1m.
- 4.3 Once the feasibility works were costed, an initial assessment of an undefined scope of works indicated that the costs would be in the region of £4.5m to complete the 4 phases at Redwood Park, with phase 1 requiring an extension of 5 additional classrooms to accommodate the required pupil numbers. Based on this assessment, Phase 1 would not have been affordable within the budget and the available funding would not enable any substantial and required works to be completed.

- 4.4 In considering alternative options, it was noted that the £3.2m available was sufficient to complete phase 1 and phase 2 at Cliffdale Academy, together with the costs incurred to date. By completing both phases at Cliffdale Academy, 4 temporary classrooms could be moved from Cliffdale Academy to Redwood Academy, with a fifth temporary classroom becoming available for Redwood Academy at a later date (upon completion of a Priority School Building Project that will replace accommodation at Arundel Court Primary School).
- 4.5 This alternative option would benefit both schools. All works would be completed at Cliffdale Academy in one project, thus limiting building disruption at this site whilst the movement of the modular buildings would provide the appropriate number of teaching areas required at Redwood Academy to meet the current demand. This option was also affordable within the overall budget available.
- 4.6 Therefore, it is proposed that £896,000 is transferred from the allocation for Redwood Park to the allocation for Cliffdale, making a total of £3.096m funding to complete the Cliffdale project. This will ensure that the school will be fully equipped and complete with sufficient and appropriate provision for primary aged pupils with complex needs, and will provide a complete and current facility on the Cliffdale site.

5. Redwood Park Academy

- 5.1 An outcome from the Cliffdale project is the relocation of four modern modular classrooms from Cliffdale to the Redwood Park School site, thus addressing the immediate and urgent requirement for appropriate teaching spaces at the school. In addition, one further temporary classroom would be made available to Redwood Park upon the completion of the Arundel Court Primary School rebuild (currently estimated at Easter 2019). The additional accommodation would address the majority of the phase 1 requirements at Redwood Park providing a suitable medium-term temporary solution
- 5.2 The Redwood Park project could then be fully funded when budgets are available to permanently integrate the 5 classrooms plus specialist spaces required.
- 5.3 Fully funding the project at Cliffdale will provide a complete and current facility on the Cliffdale site, and modular accommodation at Redwood Park to meet that school's urgent and immediate need for additional classrooms.
- 5.4 The City Council successfully bid for a new Special Free School which will cater for children with social communication needs and /or Autism and associated challenging behaviour and/or sensory needs. The new school would provide 40 places (8 at key stage 2, 24 places at key stages 3 and 4 and 8 places at post 16) and will be located as a standalone provision within the grounds of Redwood Park Academy.

- 5.5 The phasing of the Cliffdale works first, with the Redwood Park Academy works at a later date, means that any works on the new free school will be designed and implemented without compromising a future Redwood Park project. This will ensure that both provisions can operate successfully on adjacent sites maximising joint opportunities where possible.
- 5.6 This approach could also provide an opportunity to review the Redwood Park design and, where appropriate modify/mitigate the design proposals, if the original plans are affected by the new Special Free School (due to open in 2020).

6. Equality Impact Assessment (EIA)

- 6.1 Undertaking capital works at both Cliffdale Primary Academy and Redwood Park Academy will improve access to schools for all equality groups, particularly with regard to those pupils who have learning difficulties and / or a disability. There will be no negative impact on any of the equality groups.
- 6.2 Each individual capital project includes an equalities impact assessment.

7. Legal implications

- 7.1 Section 13A of the Education Act 1996 requires a local authority to exercise its education functions with a view to promoting high standards, ensuring fair access to educational opportunity and promoting the fulfilment of learning potential. Section 14 of the Education Act 1996 imposes a duty on local authorities to secure sufficient primary and secondary schools in their area, sufficient being in relation to number, character and equipment to provide for all pupils the opportunity of appropriate education and requiring them to have regard to the need to secure that special educational provision is made for pupils with special educational needs.
- 7.2 In addition section 315 of the Education Act 1996 requires local authorities to keep the arrangements for SEN provision made by them under review and section 27 of the Children and Families Act 2014 requires local authorities to keep their educational and training provision for children and young people with SEN or disabilities under review.
- 7.3 The planned works to adapt the accommodation at both Academies in support of the remodelling of SEN provision will assist in meeting the duties outlined above.
- 7.4 Under Part 2, Section 3, of the City Council's constitution the Cabinet Member for Education has the authority to approve the recommendations set out in this report.

8. Finance comments

- 8.1 Within the capital programme that was approved on 14th February 2017, £3,191,560 has been set-aside for the SEN capital works at both Cliffdale

Primary Academy and Redwood Park Academy. To date expenditure in the region of £150,000 has been incurred on initial feasibility and improvement works.

- 8.2 The recommendations contained within this report seek to re-allocate £896,000 of capital funding from Redwood Park Academy to Cliffdale Primary in order to provide the necessary funding (of £3.096m) to complete the Cliffdale project and relocate the modular buildings; leaving £96,000 to meet the costs incurred to date at Redwood Park. To complete the remaining proposed works at Redwood Park Academy, it is estimated that a further £4.5m of capital funding would be required.

Signed by:
Alison Jeffery, Director of Children, Families and Education

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
Asset Management Plan files	Housing Property Services
Condition Survey Reports	Housing Property Services – Concerto database

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

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Signed by: