



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 13 DECEMBER 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

Three head teacher representatives - primary phase

Two head teacher representatives - secondary phase

One head teacher representative - special phase

Seven academy representatives

Three governors

Non School Members

Five Councillors (one from each political groups)

One representative from the following organisations:

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

A G E N D A

- 1 Apologies**
- 2 Declarations of Interest**
- 3 Minutes of the Previous Meeting held on 21 November 2017. (Pages 5 - 8)**
- 4 Dedicated Schools Grant Budget Monitoring Report for the Second Quarter 2017/18. (Pages 9 - 14)**

Purpose.

To inform the Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2017-18 as at the end of September 2017.

RECOMMENDED that the Schools Forum:

- 1. Notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2017, together with the associated explanations contained within this report.**
- 2. Endorses the necessary adjustments to Dedicated Schools Grant early years budgets and DSG income budget, to reflect the changes in grant funding due to pupil number changes.**

5 School Funding Arrangements 2018-2019 (Pages 15 - 36)

Purpose.

The main purpose of the report is to inform the Schools Forum of the further progress being made towards the implementation of changes to the school revenue funding arrangements for 2018 to 2019 and to seek the necessary approvals.

RECOMMENDED that the Schools Forum:

- a) Endorse the proposed changes to the mainstream funding formula factors for 2018 to 2019, as informed by consultation with schools and approved by the Cabinet Member as set out in section 4, specifically:**
 - **To retain the Reception Uplift factor.**
 - **To calculate initial funding allocations for 2018 to 2019 based on the proposed unit values shown in the table at paragraph 4.6.**
 - **To add the Primary Free School Meal factor to the list of proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017.**
- b) Agree for maintained schools to make a contribution of £20.50 per pupil towards central services as set out in paragraph 5.3.**

6 Dates of Future Meetings.

17 January 2018.

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 3

SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Tuesday, 21 November 2017 at 4:30pm in the Civic Offices, Portsmouth

Present

Jackie Collins	Head Teacher	Primary
Linda Daiesh	Head Teacher	Primary
<i>for Dave Jones.</i>		
Sue Wilson	Head Teacher	Primary
Gareth Hughes	Head Teacher	Secondary
David Jeapes, Chair	Head Teacher	Secondary
Ian Hunkin	Head Teacher	Secondary
Clive Good	Governor	Primary
Bruce Marr	Governor	
Steve Sheehan	Governor	Secondary
Alison Beane	Academy	Special
Steve Labeledz	Academy	Secondary
Suzy Horton	Councillor	Liberal Democrats

35. Apologies

Apologies had been received from Councillor Colin Galloway, Kara Jewell and Stella Mbubaegbu.

36. Declarations of Interest

The following non-prejudicial interests were declared:

Beverley Pennekett is a governor at Mayfield and Harbour Schools and is a trustee at the University Technical College.

Steve Sheehan is an executive of NASUWT.

David Jeapes is a representative for ASCL.

37. Membership Changes.

Beverley Pennekett, Finance Manager informed members that there are the following vacancies:

- One primary governor
- One primary academy representative
- Three secondary academy representatives

38. Minutes and Matters Arising from the Previous Meeting Held on 27 September 2017.

DECISION

The Schools Forum agreed the minutes of the meeting held on 27 September 2017.

39. School Funding Arrangements 2018-19.

Beverley Pennekett, Finance Manager introduced the report and in response to questions from members she and Alison Egerton Group Accountant clarified the following points:

- Twenty responses had been received for phase 2 of the consultation which closed on 17 November.
- For pupils who receive free school meals in the current year and were eligible the previous year, schools will in future receive funding through two factors; the free school meals factor and the Ever 6 factor. However, the underlying calculation is complicated and based on percentages of qualifying pupils, so it is not always easy to reconcile funding with specific pupil.
- As children progress through the year groups, they have the potential to "earn" more deprivation funding as they may have been eligible for free school meals at some time in the past 6 years.
- The introduction of the National Funding Formula had been delayed until 2020-21.

The Chair explained that he had looked at the impact of the National Funding Formula on all the schools and considered it to be pretty fair. It was a good piece of work. He noted that the forum's role is to minimise the shock to schools so that they are ready for 2020-21

Actions.

1. A letter would be sent to the 12 schools whose funding will be reduced because the NFF does not use the reception uplift factor.
2. An analysis of funding and pressures in the High Needs block will be brought to the January meeting, not the December one.

DECISIONS

The Schools Forum:

- a) **Endorsed the principles proposed by the mainstream working group in Appendix 1 to guide and inform the development of the funding arrangements for 2018-19.**
- b) **Endorsed the proposed changes to the mainstream funding formula factors, as informed by phase 1 of the consultation with schools as set out in paragraphs 6.3 and 6.4, i.e.**
 - **To remove the LAC funding factor**
 - **To adopt the revised growth fund criteria as set out in Appendix 2 of the phase 1 consultation document at Appendix 2.**
 - **To cease de-delegation for the licences (CLEAPPS¹ budget)**
 - **To limit the proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017 i.e.**
 - **Basic Per Pupil Entitlement**
 - **Prior Attainment**
 - **Lump Sum**
 - **Percentage of the financial cap.**

- c) **Noted the revised proposal put forward in phase 2 of the consultation to add the new FSM factor to the list of proposed factors whose financial value could be adjusted to maintain overall affordability.**
- d) **Agreed the carry-forward of the final balance of the Schools Contingency Fund from 2017-18 into 2018-19 for use for the same purpose.**
- e) **Agreed by Phase to the de-delegation of the £1.00 per pupil for the purposes of the Schools Contingency Fund in 2018-19.**
- f) **Noted that the authority is not proposing to make any changes to High Needs place numbers for Special Schools, Resourced Units and Alternative Provision settings for 2018 to 2019.**
- g) **Noted that the authority is not proposing to make any changes to rates payable to Early Years providers for 2018 to 2019.**
- h) **Endorsed the MFG exemptions submitted to the DfE by the required deadline of 30 November 2017 as set out in paragraph 9.1.**

40. Pressures on the High Needs Block.

Julia Katherine, Head of Inclusion introduced the report and in response to questions clarified the following points:

- Most other authorities spend more on out of city placements.
- A close eye will be kept on the increase in demand for high needs block.
- She will look at how this area compares with other local authorities.
- The allocation to the High Needs Block will have to be sufficient as it will not be possible to transfer money from other areas in the future.

Alison Jefferies observed that all the elements must be looked at because the spending must be contained within this block.

Action

A report on the SEND Strategic review will be brought to the Schools Forum in January.

DECISION

The Schools Forum:

- **Noted the current pressures on the High Needs block and the actions being taken to manage these within the resources available.**
- **Noted that should demand for spend within the High Needs block exceed the available funding, allocations within the block will need to be adjusted to avoid overspend as the current opportunity for cross subsidy will not be available.**

41. The City Council's Response to the Letter Regarding Trade Union Facilities Time.

Mike Stoneman, Deputy Director of Children, Families and Education explained that last month he had received a letter from the NAHT with a request that the local authority should establish a central pool to cover staffing costs and that Schools Forum should re-consider de-delegation. A copy of the letter and the response was included in the papers.

Mike summarised the key points in the response which stated that the council's view was to continue with the arrangements that are in place on the grounds of:

- Government's direction of travel to give schools more autonomy, increased accountability and responsibility for their budgets
- Schools Forum decision on 7th December 2016 not to continue with de-delegation and to change to a fully traded service from September 2017
- The onerous arrangements that have to be put in place for de-delegation
- The number of schools that have now converted to academy status which prompted the original proposal to remove de-delegation

In response to questions, he added that 53 of the city's 63 schools had bought into the TU Facilities Time Traded Services Agreement. Most of the ten that had not done so were academies.

The Chair noted that there are parts of the government's direction of travel that the forum is more than happy about but wants to minimise the impact on schools.

Members agreed that they did not want to re-open this issue.

The meeting concluded at 6pm.

David Jeapes
Chair



Decision maker:	Schools Forum
Subject:	Dedicated Schools Grant Budget Monitoring Report for the Second Quarter 2017/18
Date of decision:	13 December 2017
Report from:	Chris Ward, Director of Finance and IS
Report by:	Beverley Pennekett, Finance Manager
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1 Purpose of report

- 1.1 To inform Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2017-18 as at the end of September 2017.

2 Background

- 2.1 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.
- 2.2 The original DSG budget for the financial year 2017-18, was approved by the Cabinet Member for Children and Education and endorsed by Schools Forum in January 2017, with further changes approved and endorsed subsequently. This report provides Schools Forum with a forecast estimate of the year-end outturn based on the position as at 30th September 2017.

3 Recommendations

It is recommended that Schools Forum:

- 3.1 notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2017, together with the associated explanations contained within this report.
- 3.2 endorses the necessary adjustments to Dedicated Schools Grant early years budgets and DSG income budget, to reflect the changes in grant funding due to pupil number changes.

4 Dedicated Schools Grant forecast position as at the end of September 2017

- 4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30th September 2017.



Table 1

DEDICATED SCHOOLS GRANT	Original Estimate 2017/18 £000's	Revised Estimate 2017/18 £000's	Projected Outturn £'000's	Projected over/ (under) spend £'000's
DSG : Devolved				
Primary ISB	43,475	36,531	36,531	0
Secondary ISB	19,326	14,168	14,168	0
Special school place funding	1,558	1,558	1,570	12
Resource unit place funding	596	596	596	0
Alternative provision place funding	1,070	1,070	1,070	0
Total Devolved DSG	66,025	53,923	53,935	12
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,358	1,661	1,460	(200)
Early Years	13,304	13,300	13,155	(145)
High Needs	11,726	11,726	11,905	179
Total Expenditure	92,413	80,610	80,455	(154)
DSG and other Specific Grants	(92,413)	(80,477)	(80,326)	151
DSG Brought Forward	0	(3,213)	(3,213)	0
DSG Carried Forward	0	3,080	3,083	3
Total Income DSG	(92,413)	(80,610)	(80,455)	(154)
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

Academy conversions

- 4.2 There have been three academy conversions (Highbury Primary, Meon Junior and Moorings Way Infant) during the period 1st July to 30th September 2017. The revised budget includes the previously approved adjustments relating to these conversions. Since the end of quarter 2 two more schools have converted to academy status, Langstone Infant and Langstone Junior both converted on 01st October. The associated budget adjustments will be reflected in quarter 3.

Special school place funding

- 4.3 The small forecast overspend is due to an additional place forecast to be required at Mary Rose Special Academy. The forecast has been based upon the summer term class list, agreed by the SEN team and the school in July 2017 and the draft autumn term class list used for the special school banding review in June 2017. The class list showed that there is one additional place above the budgeted amount over the period April 2017 to August 2017 and two additional places for the period September 2017 to March 2018. It has been assumed that both places will continue throughout the 2017-18 financial year.



De-delegated, growth fund and centrally retained

The forecast underspend of £200,100 relates to the recoupment adjustments made to the DSG when schools convert to academy status; along with a small underspend in the cost of licences for schools negotiated centrally by the DfE.

- 4.4 The growth fund allocations were issued to schools and academies meeting the criteria for 2017-18 during quarter one. At the end of the previous quarter the growth fund was forecast to overspend by circa. £33,000 due to basic need growth being identified after the budget was set. During quarter two the growth at this primary school has been confirmed and the payment made to the school. The overspend for the growth fund as at the 30 September 2017 is £33,500, it is not expected that further growth payments will be made this financial year.

Early Years

- 4.5 The current forecast underspend relates to for 3 and 4 year olds and is based on the summer term actual payments and autumn term estimated payments, with expected growth for the spring term 2018 (based on historic data).
- 4.6 It should be noted that the autumn term estimates are lower than in previous years, this reduction may be due to the timing of pupils starting nursery. The payments to nursery settings will be adjusted for actual pupil numbers at the end of the autumn term; therefore it is likely that the forecast position will change, this will be reported in quarter 3.

High Needs

- 4.7 The high needs budgets are the most volatile area of the DSG and as such the most difficult to predict.

Element 3 Top-up funding

- 4.8 At the end of quarter 2 the authority has finalised the Element 3 top-up payments to special schools, resource units and alternative provision (AP) settings for the summer term 2017. In total this has underspent by net £28,123, relating mostly to a number of pupils placed by other local authorities at special schools in the city (£50,000) and a lower than budgeted number of pupils placed by the Council at the Alternative Provision settings (£3,600). This saving has been partially offset by an increase above the budget of the number of pupils placed in Resource units (£25,400).
- 4.9 In late September 2017 the Cabinet Member approved and Schools Forum endorsed a change to the banding system for special schools in the City (Maintained and Academy). The introduction of the new system and associated payments to schools started from the beginning of the autumn term in September 2017. The forecast contains an estimate of the associated costs based on the draft class lists for September which were issued in June 2017. Following confirmation of the actual pupils in early November the forecasts will be updated at the end of quarter three.

Pupils with SEND in mainstream schools

- 4.10 The second quarter of 2017-18 has seen an increase in the top up funding paid to mainstream schools to support children with high needs where the cost

of additional support exceeds the first £6,000 which is met by the school. As at the 30th September 2017 the forecast is showing a predicted overspend of £270,000. The projected overspend is based on the current pupil information (as at the 30 September) of 381 pupils, together with a projection for anticipated growth for the remainder of the year based on the 2016-17 growth for the same period. This forecast will continue to be reviewed throughout the year as actual pupil details become available.

Out of City Placements

- 4.11 The actual expenditure for children in out of city placements is forecast to underspend the current budget by £84,500 in 2017-18. The forecast reflects:
- agreed contribution from children's social care and health to cover the associated care and health costs of a number of placements, which had not been confirmed at the end of quarter one.
 - Estimated part year costs of £60,000 for two new placements for which the costs are currently unknown
 - Estimated costs of £28,500 for 7 CAMHS pupils for which costs have not been confirmed
 - £101,000 set aside for outstanding payments relating to 2016-17.
- 4.12 There are currently 43 children in out of city placements, 7 of which have been placed by the Child and Adolescent Mental Health Service (CAMHS). The numbers of children are consistent with the 2016-17 financial year, however the average cost of a placement has decreased over the last quarter from £49,000 in quarter 1 to £44,500 as at the end of September 2017. The decrease in the average cost is due to a high cost placement ceasing at the end of the Summer term. Whilst this budget is currently predicting an underspend, due to the high cost of some individual placements, the potential outturn position remains unpredictable.

5 Early Years Grant adjustments

- 5.1 The variance in the DSG grant allocations (£151,000) relates to a prior year adjustment. In July 2017, the DfE confirmed the final allocation of the 2016-17 early years block based on the January 2017 census data. Providing a net reduction in funding due to the number of 2 year old children accessing early education in the City and those 3 and 4 year old pupils eligible to receive early year's pupil premium decreasing. The funding allocation from the DfE has been adjusted to reflect this.
- 5.2 The reduction in pupil numbers recorded on the January 2017 census has also impacted on the early years block allocation for 2017-18. Approval is sought to decrease the budget for 2 year olds in Private, Voluntary and Independent (PVI) settings, the early years pupil premium the DSG income and increase the 3 and 4 year olds in PVI settings and by a net £275,045; in order to reflect the in-year decreased funding allocation from the DfE.

6 Equality impact assessment (EIA)

No impact assessment has been carried out as the proposals do not have any impact upon a particular equalities group.

7 Legal comments

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

8 Director of Finance comments

8.1 Financial comments are contained within the body of the report.

.....
Chris Ward, Director of Finance & IS

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

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

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Signed by:

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Title of meeting:	Schools Forum
Date of meeting:	13 December 2017
Subject:	School Funding Arrangements 2018 to 2019
Report from:	Alison Jeffery, Director of Children's, Families and Education
Report by:	Beverley Pennekett, Finance Manager
Wards affected:	All Wards
Key decision:	No
Full Council decision:	No

1. Purpose of report

The main purpose of the report is to inform Schools Forum of the further progress being made towards the implementation of changes to the school revenue funding arrangements for 2018 to 2019 and to seek the necessary approvals.

2. Recommendations

It is recommended that Schools Forum:

- a) Endorse the proposed changes to the mainstream funding formula factors for 2018 to 2019, as informed by consultation with schools and approved by the Cabinet Member as set out in section 4, specifically:
 - To retain the Reception Uplift factor.
 - To calculate initial funding allocations for 2018 to 2019 based on the proposed unit values shown in the table at paragraph 4.6.
 - To add the Primary Free School Meal factor to the list of proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017.
- b) Agree for maintained schools to make a contribution of £20.50 per pupil towards central services as set out in paragraph 5.3.

3. Background

- 3.1 Schools Forum has already received reports in September and November in respect of the revenue funding arrangements for 2018 to 2019. At its

meeting on 21st November 2017, the forum endorsed the following decisions:

- a) The principles adopted by the mainstream working group in guiding and informing the development of the funding arrangements for 2018 to 2019.
- b) The proposed changes to the mainstream funding formula factors, as informed by phase 1 of the consultation with schools and subsequently approved by the Cabinet Member, i.e.
 - To remove the LAC funding factor
 - To cease de-delegation for the licences (CLEAPPS¹ budget)
 - To limit the proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017 i.e.
 - Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump Sum
 - Percentage of the financial cap
- c) Two Minimum Funding Guarantee (MFG) exemption requests which have been submitted to the Department for Education (DfE).

3.2 Schools Forum also made certain decisions at that meeting, which are set out below:

- a) Adopted revised growth fund criteria.
- b) Agreed the carry-forward of the final balance of the Schools Contingency Fund from 2017 to18 into 2018 to19, to be used for the same purpose
- c) Agreed to the de-delegation of £1.00 per pupil for the purposes of the Schools Contingency Fund in 2018 to19

3.3 Finally, Schools Forum noted the following:

- a) The local authority is not proposing to make any changes to High Needs place numbers for Special Schools, Resourced Units and Alternative Provision settings for 2018 to 2019.
- b) The local authority is not proposing to make any changes to rates payable to Early Years providers for 2018 to 2019.

¹ Consortium of Local Authorities for the Provision of Science Services

4 Local Consultation

- 4.1 As reported previously, the authority has conducted a two phase consultation with schools this year, since guidance from the DfE was issued later than usual. The results of the phase 1 consultation were reported to Schools Forum in November and the results were used to inform initial financial modelling and the phase 2 consultation.
- 4.2 The phase 2 consultation with Portsmouth maintained schools and academies ran from 6 November 2017 to 17 November 2017, setting out more detailed proposals for the 2018 to 2019 funding formula. The results of the consultation are provided at Appendix 1 and have been summarised below:
- 4.3 Of the 59 mainstream Portsmouth Schools and Academies, 22 schools replied to the consultation, although one school provided only one comment and did not answer any of the questions.
- 4.4 90% agreed to maintain the reception uplift factor for 2018 to 2019 so that schools with Year R admissions will receive funding next year for children who did not start in September last year and will have an opportunity to amend their admissions arrangements in future years to ensure that they maximise their funding.
- 4.5 90% agreed to use funding "released" from the discontinued LAC factor to introduce the additional FSM factor which is included in the NFF, rather than adding it into Basic Entitlement, which was the phase 1 proposal.
- 4.6 The consultation included the table below, showing Portsmouth's current unit values, the NFF values and the proposed values for 2018 to 2019. 71% of schools agreed to the proposals shown below. 19% (4 schools) disagreed with the proposal. Of these, three were secondary schools, who wanted to see a faster transition to the NFF as it would increase their funding and one was a primary school who was concerned about the reduction in their IDACI funding.

Table A - Factor funding rates

Factor	PCC Current Rate		18/19 NFF Rate		PCC Proposed 18/19 Rate	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
Reception Uplift	Y		N		Y	
AWPU (Primary)	£2,860.62		£2,747		£2,800	
AWPU KS3		£3,669.25		£3,863		£3,766
AWPU KS4		£4,278.25		£4,386		£4,332
Free School Meals (FSM)	£0	£0	£440	£440	£151.50	£93
Free School Meals - Ever 6	£237.25	£299.83	£540	£785	£388.50	£542
IDACI Band F	£0	£0	£200	£290	£0	£0
IDACI Band E	£0	£0	£240	£390	£140	£290
IDACI Band D	£785.03	£473.84	£360	£515	£460	£515
IDACI Band C	£1,100.38	£685.45	£390	£560	£785	£560
IDACI Band B	£1,415.72	£897.06	£420	£600	£1,100	£750
IDACI Band A	£1,731.07	£1,108.67	£575	£810	£1,415	£959.44
EAL	£359.45	£1,821.55	£515	£1,385	£515	£1,603
Prior Attainment	£740	£2,000	£1,050	£1,550	£1,050	£1,775
Lump Sum	£115,000	£139,150	£110,000	£110,000	£112,500	£125,000

- 4.7 It is worth noting that a key difference between the NFF and our current formula is the level of funding used to support the most deprived pupils, since Portsmouth's unit values are significantly higher. Whilst the proposal does reduce those unit values, the level of reduction is deliberately minimal, therefore maintaining a high level of protection for our most deprived schools.
- 4.8 76% of schools agreed with our proposal to add a further factor to the list of factors which could be adjusted to ensure affordability of the formula, following the release of the new dataset in mid-December. This dataset will provide numbers on roll and pupil characteristics at October 2017. It is proposed that adjustments to the formula are restricted to the following factors:
- Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump sum
 - Percentage of the financial cap.
 - Primary (new) Free School Meal Factor
- 4.9 95% agreed to maintain the Minimum Funding Guarantee at minus 1.5% to support the agreed objective of making a gradual transition towards the NFF.

- 4.10 Current modelling, using the values shown in the table above, suggests that it will be possible to relax the cap on gains, possibly lifting it altogether, whilst still providing protection at minus 1.5% for schools adversely affected by the formula changes. 86% of schools agreed with the principle of removing the cap as far as possible, which will allow "gaining" schools to benefit more fully from the redistribution.

5 Responsibilities held by the local authority for maintained schools

- 5.1 In the 2017 to 2018 funding period the DfE recognised that local authorities will need to use other resources to pay for education functions following the removal of the Education Services Grant (ESG) in September 2017. The government allowed local authorities increased flexibility to use part of the schools budget to support the cost of education functions through a contribution from maintained schools. In 2017 to 2018, Schools Forum agreed to a contribution rate of £11.95 per pupil which related to the 7 month period from September 2017 to March 2018.
- 5.2 In setting the Council's budget for 2018 to 2019, the Council is planning to continue to absorb over 80% of the anticipated funding shortfall and is seeking a full year contribution from maintained schools of £188,000 towards the City Council services that support maintained schools. This equates to £20.50 per pupil for maintained schools only and the proposal was included in the phase 2 consultation.
- 5.3 It is requested that maintained schools agree to this contribution to central services. If agreed, the contribution would support the following services to schools:
- KS1 and KS2 moderation of national curriculum assessments
 - Investigation and resolution of complaints relating to maintained schools
 - Inspection / monitoring of attendance
 - Financial advice and support, including for schools in financial difficulty
 - Procurement support and advice
 - Asset management activities in relation to maintained schools
 - Internal audit and other tasks relating to the chief finance officers responsibilities
 - Other support and advice from the education service.
 - Overheads relating to the above services.
- 5.4 11 maintained schools responded to the phase 2 consultation question, of which 7 (64%) agreed to the proposed charge, 3 disagreed and 1 did not express a preference. A detailed list of central services is attached at Appendix 2, showing those services which should be provided to all schools and academies, along with those services which are only provided to maintained schools.

6 Next Steps

- 6.1 The DfE is expected to release the updated pupil data in the middle of December 2017. This will allow officers to model the effects of the funding formula outlined above and to bring final recommendations for endorsement to the January meeting.

7 Reasons for recommendations

- 7.1 7.1 Following the publication of the DfE Guidance "School Revenue Funding 2018 to 2019 - operational guidance" in September 2017, the local authority has worked closely with the School Funding Working Group. The working group provided advice and guidance on the proposed changes to the local funding formula, which in turn informed the 2-stage consultation with schools and which underpin the recommendations contained in this report.

8 Equality impact assessment

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

9 Legal implications

The recommendations in this report are consistent with the requirements of the Department for Education Operational Guidance.

10 Director of Finance's comments

Financial comments are included in the body of the report.

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

Appendices:

Appendix 1: 2018-19 phase 2 consultation responses
Appendix 2: Central services

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

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

Title of document	Location
Schools revenue funding 2018 to 2019 operational guide, September 2017	https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019?utm_source=EFA%20e-bulletin&utm_medium=email&utm_campaign=e-bulletin&mxmroi=2305-33858-96691-0
Financial Modelling	Children's Finance Team

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

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Signed by:

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Appendix 1:- 2018-19 Consultation Responses - phase 2

Reponses	
Primary	9
Secondary	2
Special	
Academy Trust	11
Total responses	22

Funding Formula Proposals				
		Y	N	Neither
1	Do you agree with the proposal to maintain the use of the reception uplift factor for 2018-19? (Paragraph 3.22)	19		2
<p>Secondary 1 - N/A</p> <p>Academy 10 & 11 - N/A - this does not impact as pupils all start in Sept</p> <p>Primary 5 - We have high turbulence, we have gained 2 (possibly 3) new children since census and as the year progresses will be allocated more mid-term entry pupils.</p>				
		Y	N	Neither
2	Do you agree with the use of the funding released from the Primary Looked After Children pupil factor to be used to fund the new factor of Free School Meals (FSM)? (Paragraph 3.18)	19		2
<p>Secondary 1 - N/A</p> <p>Academy 10 & 11 - Yes, as this will apply to more of our intake and prevent funding for reducing drastically this year. AWPU means loss of £60.62 per pupil. But less drastic than NFF. Both FSM and Ever 6 funding had increased – beneficial to both schools. IDACI changes are a loss for both schools, SJS receive 3 factors, SIS 1 factor. Total sums are not large amounts to small impact to the budget. EAL and Prior attainment match the NFF and are higher than last year. Lump sum – universal reduction for all schools, though £2,500 than NFF so restricting the impact.</p> <p>Primary 5 - Do not understand the impact. Originally agreed LAC be divided out but why is this going to affect IDACI?</p>				
		Y	N	Neither
3	Do you agree with the funding rates as set out on page 9 proposed for the use of the calculation of 2018-19 funding formula?	15	4	2

Secondary 1 - By not introducing the NFF in full will cause this school financial difficulties. This (VA) School will lose over £80k, based on the Oct 16 Census figures used (Nearly £90k loss based on Oct 17 Census). Though I understand that NFF phase 2 2018/19 will be a 'soft' version, which gives LA's a transitional year prior to the full NFF implementation in 2019/2020, consideration must be given to this school's additional tax liabilities. As a VA school we are already in an unfair financial position, compared to LA maintained schools, by not being able to reclaim VAT on Capital works over £2k.

The Governors and the Headteacher firmly reject this proposal.

Academy 10 & 11 - PCC have tried to minimise reduction to benefit schools. NFF is considerably lower but the changes will allow schools to manage their budgets down to the NFF figures.

Primary 5 - We are IDACI band D and lose the majority of our funding through this reduction. It seems totally unfair deprived areas 54-70% while more affluent areas gain more than £200 per child. PCC proposal is more palatable. The Ever 6 in the proposal more than doubles but the total remains negative.

Academy 1 & 2 - The laudable attempt to protect primary schools by stepping the IDACI factors towards the national standards, whilst not matching the FSM recommendations has resulted in discrepancies and major underfunding for secondary schools.

Shortfall in proposed secondary basic entitlement allocation: £684,555

Impact of deprivation factor for secondaries: shortfall £1,558,251

Although this is partially off-set by the low attainment factor (which usually distorts distribution far more than deprivation factors), the real attempt to balance the books for secondaries comes in the MFG calculations, which, of course, is completely bogus in the long term and has caused genuine unfairness in Portsmouth's allocations over the last 10 years, which the proposed formula does nothing to address.

		Y	N	Neither
4	Do you agree with the per pupil contribution rate of £20.50 for the Education responsibilities for maintained schools?	8	3	10

Secondary 1 - This proposal will be a financial loss of £18,142 for this school. As a VA school, most of the listed services are not used. Also, do Academies have access to these services, if so what are their contributions? There is also a new grant from the EFA for LA's to cover school improvement and intervention.

The Governors and the Headteacher firmly reject this proposal.

Secondary 1 - I would need to see more detail on the need for this given the increase in Central block. Secondary schools contributing disproportionately to the

cost.

Primary 2 - I think this is very high and it would cost our school £8,405. I realise that costs need to be covered, but as budgets are reducing in schools, can the cost of these services not also be looked at.

Academy 10 & 11 - N/A

Primary 3 - Are maintained schools taking the full cost of moderation for all the schools. If there is a per pupil charge for these services why are we paying a Traded Services charge.

Primary 5 - How is this going to be managed going forward? Academies get more funding and then the chain take a percentage. How does £20.50 per child equate to a maintained school receiving similar to an academy and then paying a proportion back i.e. is this less than an academy school pays per child to their provider?

Primary 6 - In paying this what are schools getting for their money as opposed to academies who don't pay into this but still attend LA led meetings/ training – do academies pay at set rate like this to the LA or are they charged more to attend meetings/training? If they are not 'paying into the pot' then I would expect this to be the case.

Academy 7/8/9 - Not Applicable as we are an academy

Primary 8 - Can it be clarified what support we are getting for this money that is not covered through our existing SLA's?

		Y	N	Neither
5	Do you agree with the proposal to add the primary FSM factor to the factors to be adjusted to maintain overall affordability as set out in paragraph 3.15?	6	1	3

Secondary 1 - N/A

Primary 2 - I can't find any information relating to the new way that FSM Ever 6 would be funded. You mention it in your document but with no detail. What is this? What is it changing to? What do you mean by adding the Primary FSM factors????

Academy 10 & 11 - It not clear why FSM children that are 'live' get the lower entitlement than children getting Ever 6.
However, both schools have larger ever 6 lists so reduction is not as bad as, higher than NFF so this is beneficial too.

Primary 5 - unsure of the effect on schools -
AWPU ✓
Prior Attainment ✓
How are lump sum and cap effected?

		Y	N	Neither
6	Do you agree with the proposals set out in paragraph 3.27 to maintain the MFG at minus 1.5% in line with the agreed objective of a gradual transition towards the national funding formula?	20		1
<p>Primary 1 - It's only fair to protect schools in this transitional time</p> <p>Secondary 1 - Set by EFA</p> <p>Academy 10 & 11 - we are still subjected to this deduction. The reasoning behind maintaining the deduction is clear and makes sense to protect all schools.</p> <p>Primary 5 - Huge cuts cannot be managed immediately.</p> <p>Academy 1 & 2 - Reluctantly</p>				
		Y	N	Neither
7	Do you agree with the proposal set out in paragraph 3.28 to remove the cap of plus 1.5% to increase the gains available to schools subject to affordability?	18	2	1
<p>Primary 1 - Doesn't seem to make any sense for schools not to benefit from additional funding</p> <p>Primary 2 - This would have to totally depend on affordability and what the impact would on other school budgets.</p> <p>Primary 5 - Would like to have supplementary appendix/notes on how this would impact on the whole group outcomes i.e. is it actually possible to do this within budget.</p>				
		Y	N	Neither
8	Do you have any other comments?	7	5	9
<p>Secondary 1 - As a VA School our tax liabilities for Capital expenditure over £2k, has not been considered. This school has been grouped with all other maintained schools who do not have this tax liability!! Please review and adjust accordingly, we require a fairer funding solution.</p> <p>This school is also entitled to growth funding, details have not been received by PCC as yet for 17/18. Also, growth funding is applicable for 18/19.</p> <p>I am concerned with the changes to Resource Unit funding. 9 places will need to be preserved to ensure affordability – the £90k annual funding must be maintained.</p> <p>Primary 1 - Regarding the consultation it would be beneficial to have a brief explanation at the regular head's briefing that Mike Stoneman organises. This would</p>				

allow heads to have a discussion and get some clarity through asking questions directly. This would then improve the quality of the consultation and the responses you get.

Primary 5 - As per consultation 1 - how would this affect a school like ours who is increasing numbers significantly in 2018-19 when the figures are based on a census of Oct 17. We are likely to have 30+chn in Sept 2018 than recorded on our census last October. Will increased roll be taken into account? Otherwise it double cuts.

Academy 1 & 2 - As CEO of the Trust, I have to point out that the proposals penalise the Trust to the tune of £126 553 in principle, which then, after “adjustments”, results in the school under greatest financial pressure in the Trust (School B) missing out on £64 288 which it can ill afford in a year when lagged funding resumes (unless the EFSA have a change of heart) and yet the school will continue to grow far beyond its Oct 17 census number.

Meanwhile, School A continues to be funded £2000 per pupil less than the best funded secondary school in the city.....

Primary 7 - It would be very useful to have a full Heads briefing with input and clarification prior to a consultation as this is a missed opportunity for Heads to have the opportunity to discuss changes

Primary 8 - It would be helpful prior to consultation to have someone from finance attend Primary Heads conference to talk through the funding formula so we are clear on what we are being asked about and can have any questions answered.

Additional Comments:

Academy 5 - I know you have requested that we fill in the consultation form, but I just wanted to say on behalf of our Headteacher and myself that the indicative budget shows that we will lose £71.880 from our deprivation budget. This Academy is a very challenging school with 60% or more of free school meals. Although it looks like we gain in other areas of the budget it shows a total loss of £85.599. Please could you pass this comment on to the relevant person?

Primary 2 - I do have a question on the new proposed changes to the FSM Every 6, what are they. I've looked at the DFE website and couldn't see anything. Would these changes have any impact on our Pupil Premium?

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Responsibilities held by local authorities for all schools (shown in the first column) are funded from the central schools services block, with the agreement of schools forums.

Responsibilities held by local authorities for maintained schools only (shown in the second column) are funded from maintained schools budgets only, with agreement of the maintained schools members of schools forums.

References to the relevant schedules in the current [schools and early years finance \(England\) regulations 2017](#) are included.

Statutory and regulatory duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Director of children's services and personal staff for director (Sch 2, 15a) • Planning for the education service as a whole (Sch 2, 15b) • Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education (Sch 2, 22) • Authorisation and monitoring of expenditure not met from schools' budget shares (Sch 2, 15c) • Formulation and review of local authority schools funding formula (Sch 2, 15d) • Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools (Sch 2, 15e) 	<ul style="list-style-type: none"> • Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services (Sch 2, 56) • Budgeting and accounting functions relating to maintained schools (Sch 2, 73) • Functions relating to the financing of maintained schools (Sch 2, 58) • Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration (Sch 2, 57) • Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies (Sch 2, 58) • Internal audit and other tasks related to the authority's chief finance officer's responsibilities

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Consultation costs relating to non-staffing issues (Sch 2, 19) • Plans involving collaboration with other LA services or public or voluntary bodies (Sch 2, 15f) • Standing Advisory Committees for Religious Education (SACREs) (Sch 2, 17) • Provision of information to or at the request of the Crown other than relating specifically to maintained schools (Sch 2, 21) 	<p>under Section 151 of LGA 1972 for maintained schools (Sch 2, 59)</p> <ul style="list-style-type: none"> • Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting) (Sch 2, 60) • Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body (Sch 2, 61) • Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body (Sch 2, 62) • Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost (Sch 2, 75) • HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition or organisation of staff (Sch 2, 63); determination of conditions of service for non-teaching staff (Sch 2, 64); appointment or dismissal of employee functions (Sch 2, 65) • Consultation costs relating to

Responsibilities held for all schools	Responsibilities held for maintained schools only
	<p>staffing (Sch 2, 66)</p> <ul style="list-style-type: none"> • Compliance with duties under Health and Safety at Work Act (Sch 2, 67) • Provision of information to or at the request of the Crown relating to schools (Sch 2, 68) • School companies (Sch 2, 69) • Functions under the Equality Act 2010 (Sch 2, 70) • Establish and maintaining computer systems, including data storage (Sch 2, 71) • Appointment of governors and payment of governor expenses (Sch 2, 72)

Education welfare

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils (Sch 2, 20) • School attendance (Sch 2, 16) • Responsibilities regarding the employment of children (Sch 2, 18) 	<ul style="list-style-type: none"> • Inspection of attendance registers (Sch 2, 78)

Asset management

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions (Sch 2, 14a) • General landlord duties for all buildings owned by the local authority, including those leased to academies (Sch 2, 14b) 	<ul style="list-style-type: none"> • General landlord duties for all maintained schools (Sch 2, 76a & b (section 542(2)) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have: <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards • General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc. Act 1974) • Management of the risk from

Responsibilities held for all schools	Responsibilities held for maintained schools only
	asbestos in community school buildings (Control of Asbestos Regulations 2012)

Central support services

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> No functions 	<ul style="list-style-type: none"> Clothing grants (Sch 2, 52) Provision of tuition in music, or on other music-related activities (Sch 2, 53) Visual, creative and performing arts (Sch 2, 54) Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics) (Sch 2, 55)

Premature retirement and redundancy

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> No functions 	<ul style="list-style-type: none"> Dismissal or premature retirement when costs cannot be charged to maintained schools (Sch 2, 77)

Monitoring national curriculum assessment

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> No functions 	<ul style="list-style-type: none"> Monitoring of National Curriculum assessments (Sch 2, 74)

Therapies

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> No functions 	<ul style="list-style-type: none"> This is now covered in the high needs section of the regulations and does not require schools forum approval

Other ongoing duties

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> Licences negotiated centrally by the Secretary of State for all publicly funded schools (Sch 2, 8); this does not require schools forum approval Admissions (Sch 2, 9) Places in independent schools for non-SEN pupils (Sch 2, 10) Remission of boarding fees at maintained schools and academies (Sch 2, 11) Servicing of schools forums (Sch 2, 12) Back-pay for equal pay claims (Sch 2, 13) Writing to parents of year 9 pupils about schools with an atypical age of admission, such as UTCs and studio schools, within a reasonable travelling distance (new addition to 	<ul style="list-style-type: none"> No functions

Responsibilities held for all schools	Responsibilities held for maintained schools only
CSSB, to be included in 2018 to 2019 regulations) ¹	

Historic commitments

Responsibilities held for all schools	Responsibilities held for maintained schools only
<ul style="list-style-type: none"> • Capital expenditure funded from revenue (Sch 2, 1) • Prudential borrowing costs (Sch 2, 2(a)) • Termination of employment costs (Sch 2, 2(b)) • Contribution to combined budgets (Sch 2, 2(c)) 	<ul style="list-style-type: none"> • No functions

¹Funding for this duty was previously delivered to local authorities via a s.31 grant. Additional funding will be added to the CSSB baseline for this from 2018-19.

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