



---

# NOTICE OF MEETING

---

## SCHOOLS FORUM

WEDNESDAY, 26 FEBRUARY 2014 AT 5.00 PM

## CONFERENCE ROOM A - CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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

---

### Membership

#### Schools Members

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

#### Non School Members

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

---

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

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

### AGENDA

- 1 Apologies
- 2 Declarations of Interest

- 3 **Membership**
- 4 **Minutes and Matters Arising from the Previous Meeting Held on 15 January.** (Pages 1 - 6)
- 5 **Two-Year Old Funding - update** (Pages 7 - 12)

Purpose

This report updates Schools Forum on the use of the new funding stream for 2 year olds, contained within the Dedicated Schools Grant, and the proposals for 2014-15.

Recommendations

**It is recommended that the Schools Forum:**

- a. **Note the successful progress within the report in respect of the increase in 2 year old place provision.**
- b. **Agree the budget allocation in 2014-15 of 2,910,800 for 2 year old places and £359,600 for related trajectory funding.**
- c. **Agree that £79,000 is continued to be held centrally to provide resources to target settings with regard to capacity and quality improvement**
- d. **Agree that any underspend in the Trajectory funding in 2013-14 is carried forward and allocated to the Trajectory budget in 2014-15 to support the continued investment in the market growth and infrastructure**

- 6 **Budget 2014 - 2015** (Pages 13 - 22)

Purpose

Under the 'School and Early Years Finance (England) Regulations 2013, the local authority must not later than 28<sup>th</sup> February 2014:

- a. **Make an initial determination of their school budget; and**
- b. **Give notice of that determination to the governing bodies of the schools they maintain.**

The purpose of this report is therefore to inform Schools Forum of the initial determination of the schools budget for 2014-15 and to seek the necessary approvals required.

Recommendations

**It is recommended that Schools Forum:**

**Approves the determination of the schools budget at Appendix 1, together with the supporting explanations contained within this report.**

- a. **Approves the indicative Element 3 Top-up rates for the Special Schools as set out in Appendix 2 and agree that officers continue to finalise these with the Special Schools.**
- b. **Agrees the Element 3 Top-up rates for Resourced Units and Alternative Provisions settings set out at Appendix 2.**
- c. **Agrees to the allocation in 2014-15 of the 'exceptional circumstances' funding as set out in paragraphs 7.7 to 7.9.**

- d. **Agree that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15.**
- e. **Agree that any carry-forward balances from 2013-14 (other than in those referred to in 'e' above, and the 2 Year Old Trajectory in the separate agenda item) be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2014-15.**
- f. **Note the change in Growth Fund criteria to meet the requirements of the Education Funding Agency in section 10.**

**7 School Balance Control Mechanism and Raising Educational Standards in Portsmouth (Pages 23 - 34)**

Purpose

A report was presented to Schools Forum on 17 July 2013 advising on the level of schools revenue and capital balances as at 31 March 2013 and their planned use. A further report on those schools with the largest uncommitted revenue balances was presented to Schools Forum in December 2013.

This report considers the options available in respect of re-instating the school balances claw-back mechanism, as requested by Members at the December meeting. In addition, this report also considers the options as part of the raising educational standards agenda in Portsmouth.

Recommendations

**It is recommended that Schools Forum:**

- a. **Considers and approves one of the following options, subject to consultation with maintained schools:**
  - i. **To implement a new "balance control mechanism" to clawback excessive balances as set out in Appendices 2 and 3; or**
  - ii. **To continue to operate without a "balance control mechanism", and implement the proposals set out in paragraphs 6.14 to 6.16 and Appendix 3.**
- b. **Endorse a further report to be presented to Schools Forum considering the options available for utilising school balances to support initiatives to raise educational standards in Portsmouth.**

**8 Any Other Business**

This page is intentionally left blank

# Agenda Item 4

## SCHOOLS FORUM

MINUTES OF A MEETING of the Schools Forum held on Wednesday 15 January 2014 at 4.30pm at the in the Civic Offices, Portsmouth.

### **Present**

Mark Mitchell, Governor - Special (Chair)  
Clive Good, Governor - Primary  
Jayne Pratt, Governor - Nursery  
Steve Sheehan, Governor - Primary

Councillor Ken Ferrett, Labour

Jackie Collins, Head Teacher - Primary  
David Jeapes, Head Teacher - Secondary  
Mike Smith, Head Teacher - Secondary  
Karen Stocks, Head Teacher - Nursery  
Margaret Dunford, Head Teacher - Special

Councillor Rob Wood, Observer

### Officers

Jane Di Dino, Local Democracy Officer  
Alison Egerton, Group Accountant  
Richard Webb, Finance Manager  
Julian Wooster, Strategic Director (arrived at item 5)

### **1. Apologies for Absence**

Tom Blair, Fiona Calderbank, Suzy Horton, Bruce Marr and Councillor Neill Young sent their apologies.

### **2. Declarations of Interest**

No interests were declared.

The Chair informed members that Justeen White is no longer a secondary governor and therefore is no longer a secondary governor representative on the forum. The Forum asked that their thanks be sent to Justeen White for her work on the Forum.

In response to a question, Richard Webb clarified that David Jeapes has been appointed as a secondary representative, and this will remain unchanged when Mayfield becomes an 'all-through' school.

### **3. Minutes and Matters Arising from the Previous Meeting Held on 18 December 2013.**

**RESOLVED** that the minutes of the Schools Forum meeting held on 18 December 2013 be confirmed as a correct record.

### Action

Richard Webb confirmed that the following reports will be brought to the February meeting:

- An update on the use of the 2 year old funding
- School balances and proposals in respect of the reinstatement of the clawback mechanism.

#### **4. Appointment of Vice Chair**

David Jeapes nominated Mike Smith and this was seconded by Clive Good. There were no other nominations.

The Schools Forum appointed Mike Smith as Vice Chair.

#### **5. School Funding Reform 2014/15**

Richard Webb explained that late on 13 January the Education Funding Agency notified local authorities that there was a problem with the Authority Proforma Tool. The corrections required to the spread-sheet impacted on any schools that had amalgamated in 2013-14 and resulted in an overall increase in the funding required by £204,294. This change has made the proposals set out in the report issued with this agenda unaffordable.

Members discussed the implications of the three options set out in the paper that was tabled.

David Jeapes proposed a fourth option: that the carry forward be used.

Julian Wooster explained that the £1.5m carry-forward would be better used to support the other financial pressures and unforeseen circumstances that may require additional funding in 2014-15, as there is an opportunity now to re-balance next year's school funding requirement through adjustments to the revenue funding formula.

#### Action

Mike Smith requested a breakdown of how the de-delegated money for the 'special staff costs - union duties' is used.

In response to a question from the Forum in respect of the Falling Rolls Fund, Richard Webb clarified that academy or maintained schools with a good or outstanding Ofsted rating who meet the criteria in Appendix 3, would be eligible for support from the Fund. Maintained schools who are not rated good or outstanding would be able to apply for support from the de-delegated 'contingency fund', whilst Academies will need to seek support from the Education Funding Agency.

Councillor Rob Wood noted that:

- It was essential that pupils receive a good education
- Having a carry forward is sensible.
- It would be very difficult for schools to budget if they do not know until the end of the year whether they will receive contingency funds.

Members decided that applications to the contingency fund would be considered only at the October and February Schools Forum meetings.

Mark Mitchell noted the following points:

- The amount allocated to schools has increased as more pupils are coming through.
- Although £1.5m is a relatively small amount, it is larger than the contingency fund that the forum used to operate.
- Secondary School pupil numbers are expected to rise from 2016/17. It is essential that there is sufficient capacity in the city to educate them.
- The Governing Bodies of schools that receive contingency funding would be expected to address any deficits.

**School Members voted on the following decisions:**

- a. Following the discussion that took place during the meeting, recommendation (a) was approved as follows:
  - i. **School Members approved the proposed changes to the mainstream schools revenue funding formula as set out in paragraphs 4.7 to 4.9**
  - ii. **School Members voted on the following two proposals:**
    - to reduce the cap to 1.1% - option 3 as set out in the additional paper; or
    - to retain the cap at 1.5% and to fund the shortfall of £95,063 from the carry-forward.Members voted unanimously to set the financial cap at 1.5%.
- b. **Approved the table at Appendix 1, showing the de-delegated budgets and the unit values to be used in 2014-15.** (Approved unanimously).
- c. **Agreed the growth fund for 2014-15 be set at £300,000 and the continued use of the growth fund criteria as set out in Appendix 2 (subject to clarification that the 'significant & sustained' growth fund would not be available to schools that have received additional funding through a variation in pupil numbers).** (Approved unanimously).
- d. **Agreed the establishment of a falling rolls fund for 2014-15 as set out in section 7, with the criteria set out in Appendix 3 (subject to adjustments to clarify the criteria and time period for claims).** (Approved unanimously).
- e. **Agreed that £10 per pupil be de-delegated from all maintained schools to establish a contingency fund, together with the criteria set out in Appendix 4 (subject to clarification that Schools Forum will only consider claims at the October and February meetings).** (3 members voted for this to be set at £14; 4 members voted for this to be lowered to £10).
- f. **Endorse the school funding pro-forma at Appendix 5 to be submitted to DfE by the 21st January 2014 - subject to the adjustments agreed.** (Approved unanimously)

All Schools Forum Members:

- .....
- g. Approved the proposal to fund the Fair Access Protocol support service directly from the High Needs Budget from 2014-15. (Approved unanimously)**
  - h. Approved the transfer of an amount equivalent to the closing balances of the Arundel Court Infant and Junior schools to the new Arundel Court Primary School in 2014-15. (Approved unanimously)**

The meeting concluded at 6.10 pm.

Mark Mitchell  
Chair



## Balancing the 2014-15 schools budget

The table below shows the current increase and decrease in schools funding for 14-15 (post MFG and cap).

Table 1: Post MFG budget as per the report to Schools Forum				
	Decrease		Increase	
	Primary	Secondary	Primary	Secondary
	Number of schools	Number of schools	Number of schools	Number of schools
0% to 2.5%	11	2	9	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	<b>16</b>	<b>6</b>	<b>34</b>	<b>4</b>

The total allocation for the schools budget was £103,893,854.

Late on Monday 13 January the Education Funding Agency notified local authorities there was a problem with the Authority Proforma Tool<sup>1</sup>. The corrections to the spreadsheet impacted on any schools that amalgamated in 2013-14 and resulted in a total allocation to schools of £104,098,148, an increase of £204,294, in the primary phase. This change has made the proposals set out in the Schools Forum 15<sup>th</sup> January report unaffordable.

To maintain affordability a number of options have been modelled:

- **Option 1** - Reduce the proposed CAP from 2.0% back to 1.5%
- **Option 2** - Reduce the proposed CAP to 1.5% and the lump sum to £136,000 for all schools
- **Option 3** - Reduce the cap to 1.1%

### Option 1

Reducing the CAP back to the current rate of 1.5%.

The reduction in the percentage CAP impacts on 22 schools and reduces the funding passed to schools via the CAP by £109,231.

Table 2: Post MFG budget with a 1.5% CAP				
	Decrease		Increase	
	Primary	Secondary	Primary	Secondary
	Number of schools	Number of schools	Number of schools	Number of schools
0% to 2.5%	<b>12</b>	2	<b>8</b>	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	<b>17</b>	<b>6</b>	<b>33</b>	<b>4</b>

However by reducing the CAP to 1.5% the saving achieved will not be enough to balance the budget, leaving a £95,063 shortfall, therefore this option would not be feasible on its own.

### Option 2

Reducing the cap back to 1.5% and reducing the lump sum from £139,150 to £136,000 for all schools.

Analysis of the post MFG budget is set out in the table below, with any changes from Table 1 highlighted.

Table 3: Post MFG budget with a 1.5% CAP and a reduced Lump sum				
	Decrease		Increase	
	Primary	Secondary	Primary	Secondary
	Number of schools	Number of schools	Number of schools	Number of schools
0% to 2.5%	<b>13</b>	2	<b>7</b>	1
2.5% to 5%	3	1	9	2
5% to 10%	1	1	12	1
10% to 14%	1	2	4	-
15+%	-	-	-	-
	<b>18</b>	<b>6</b>	<b>32</b>	<b>4</b>

Reducing the lump sum impacts on all schools in addition to the 21 impacted by the CAP, and increases the cost of MFG protection which goes against the principles agreed at the start of the funding reform process. As this option does not recover the full amount required to balance the budget, it is not feasible on its own.

<sup>1</sup> The Authority Proforma Tool is the spreadsheet issued to local authorities by the EFA to enable the calculation of school budget shares. This tool forms the return sent to the Department for Education for approval of the authorities school budgets.

As the lump sum is deducted from the overall budget when calculating MFG and the CAP, the change in the lump sum does not release an equal amount in the overall budget after MFG/CAP. It also has the impact of increasing the MFG by £272,079, which counteracts the savings achieved, leaving a balance of £39,351 to find

### **Option 3**

This option seeks to reduce the cap to 1.1% and reduces the funding allocated to 22 schools by £201,166.

<b>Table 4: Post MFG budget with a 1.1% CAP</b>				
	<b>Decrease</b>		<b>Increase</b>	
	<b>Primary</b>	<b>Secondary</b>	<b>Primary</b>	<b>Secondary</b>
	<b>Number of schools</b>	<b>Number of schools</b>	<b>Number of schools</b>	<b>Number of schools</b>
0% to 2.5%	<b>12</b>	2	9	1
2.5% to 5%	3	1	<b>8</b>	2
5% to 10%	1	1	<b>13</b>	1
10% to 14%	1	2	<b>3</b>	-
15+%	-	-	-	-
	<b>17</b>	<b>6</b>	<b>33</b>	<b>4</b>

This option provides the saving required, bringing the allocation to schools back into budget as it leaves a shortfall of £3,128.

# Agenda Item 5



Portsmouth  
CITY COUNCIL

Agenda item: **5**

**Title of meeting:** Schools Forum  
**Date of meeting:** 26 February 2014  
**Subject:** Two Year Old Funding  
**Report from:** Julian Wooster, Director of Children's and Adults Services  
**Report by:** Catherine Kickham - Early Support Commissioning Manager  
**Wards affected:** All Wards  
**Key decision:** No  
**Full Council decision:** No

---

## 1. Purpose of report

- 1.1. This report updates Schools Forum on the use of the new funding stream for 2 year olds, contained within the Dedicated Schools Grant, and the proposals for 2014-15.

## 2. Recommendations

- 2.1. It is recommended that the Schools Forum:
- a. Note the successful progress within the report in respect of the increase in 2 year old place provision.
  - b. Agree the budget allocation in 2014-15 of 2,910,800 for 2 year old places and £359,600 for related trajectory funding.
  - c. Agree that £79,000 is continued to be held centrally to provide resources to target settings with regard to capacity and quality improvement
  - d. Agree that any underspend in the Trajectory funding in 2013-14 is carried forward and allocated to the Trajectory budget in 2014-15 to support the continued investment in the market growth and infrastructure

## 3. Background

- 3.1. During 2012-13 Portsmouth provided 240 free early education places for the most economically deprived 2 year olds, meeting the Department for Education target of 240 places by 31 March 2013.
- 3.2. From 1 April 2013, 2 year old funding formed part of the Dedicated Schools Grant (DSG). Portsmouth was allocated the following for 2013-14:

Places	Trajectory
£1,783,665	£700,219

3.3. The places funding of £1,783,665 was intended to fund the DfE target of 617 places by March 2014, whilst the trajectory funding of £700,219 was to support market growth and infrastructure.

#### 4. Progress to date

4.1. The 'Childcare Sufficiency Advisory Group' has overseen the allocation of grant funding and strategic decisions about the development of the 2 year old funding programme. The group includes the Early Support Commissioning Manager, School Places Planning Officer, Group Accountant (Education and Schools), private, voluntary and independent sector representatives and a representative from PCC Planning department.

4.2. During the Autumn term 2013 a total of 570 places were allocated to eligible children. This represents 92% of the target set by the DfE; we are confident that the full target of 617 will be realised by March 2014. The vast majority of families access their preferred setting, however families in Eastney / Craneswater are not always able to access places of their choice and although there are sufficient places in the Buckland area, approximately 6 families have opted to wait for a place at Flying Bull which is due to open to 2 year olds in April 2014.

4.3. In 2013/14 the full year allocation for places was not realised; with a local predicted underspend in the region of £380,000. This is a result of the challenges with implementing such a large increase in places and is similar to the national picture and was fully anticipated by the DfE when allocating LA's the full year's funding. The DfE has clarified that funding allocated for places can be used for local priorities within the context of the programme. To make full use of this funding for vulnerable families Portsmouth has brought forward the September 2014 criteria to January 2014. The early implementation of 2014 criteria benefits families in Portsmouth, is within the allocated places budget and will help the council to test our systems for this increase in number. We have done this successfully in previous years.

4.4. In 2013/14 Schools Forum approved proposals to allocate the trajectory funding to the following areas:

a) **Workforce development:** The budget allocation of £30,000 is now in line to be fully spent on the agreed priorities of:

• New to child minding programme	£10,000
• Existing providers programme	£10,000
• CPD programme	<u>£10,000</u>
	<b><u>£30,000</u></b>

b) **Market development:** The small grants programme (£80,000) has been used to create 170 new places to the end of January 2014.

The large grants programme (total £550,000) has been allocated to the Brambles Nursery (£200,000) to substantially extend their capacity. In addition, feasibility studies are underway to extend capacity at Beacons View Primary Academy and at the Community run provision at Manor Infant School. A lease is shortly to be agreed for a new provision at Canoe Lake in the Craneswater / Eastney area and work to secure accommodation in both Stamshaw and Baffins continues.

The 'parents awareness raising programme' (£40,000) is in line to be fully spent.

It is proposed any underspend in the Trajectory funding in 2013-14 is carried forward and allocated to the Trajectory budget in 2014-15 to support the continued investment in the market growth and infrastructure.

## 5. Proposals for 2014-15 spend

5.1. From 1 April 2014, the 2 year old funding allocation to DSG will be:

Places	Trajectory
£2,989,800	£359,600

5.2. The places funding is intended to fund an increased DfE target rising from 240 in 2011, 617 in April 2014 to 1,202 in March 2015. The trajectory funding will continue to support market growth and infrastructure.

5.3. In order to achieve the increased targets, the council will need to support and challenge delivery and infrastructure. It is therefore proposed that £79,000 is used to ensure the programme delivers sufficient places of the highest quality. This will pay for the resources to target settings both with regard to capacity and quality improvement.

5.4. The DfE has confirmed that eligibility criteria from September 2014 will include (in addition to the current criteria):

- Children in families eligible for working tax credit and a family income below £16,190 per year
- Children with a statement of SEN or Education, Health and Care Plan
- Children eligible for Disability Living Allowance
- They have left care through special guardianship or an adoption or residence order.

5.5. A second year of trajectory funding has been allocated to local authorities to enable them to meet the target for growth in numbers in their area. The DfE has not outlined detailed expectations for spend but clarified that local authorities must ensure it is used to meet the target growth in numbers required for 2014-15.

5.6. Following the success of the current action plan it is proposed that the spend profile for 2014-15 is in line with the 2013/14 plan and proposed profile is:

- a) **Workforce development (£15,000):** a reduced programme that will focus both on the quality of practice for 2yr olds and the increasing demands of effectively supporting children with learning difficulties and disabilities.
- b) **Market development (£344,600):** a reduced programme that will continue to focus on both raising parent’s awareness raising and capital investment in accommodation. This will be profiled in the following way:

Small grants programme	£60,000
Communications Strategy	£14,600
Capital programme*	£270,000
	<b>£344,600</b>

**6. Reasons for recommendations**

The proposals set out within this report meet the requirements of the DfE for the delivery of an increase in the number of funded 2 year olds during 2014-15.

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

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

**8. Legal comments**

Legal comments have been included within the body of this report

**9. Head of Finance’s comments**

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

.....  
Signed by:

**Appendices:**

**Background list of documents:**

Title of document	Location
'2 year old funding' budget estimates and monitoring records	Education Department and Education Finance
DfE - Dedicated Schools Grant allocations 2014-15 and supporting information	<a href="http://www.education.gov.uk">www.education.gov.uk</a>

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

.....  
Signed by:

This page is intentionally left blank



# Agenda Item 6



Portsmouth  
CITY COUNCIL

Agenda item: 

6
---

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	26 February 2014
<b>Subject:</b>	Budget 2014-15
<b>Report from:</b>	Julian Wooster, Director of Children's and Adults Services
<b>Report by:</b>	Richard Webb, Finance Manager for Children's Services
<b>Wards affected:</b>	All Wards
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

---

## 1. Purpose of report

- 1.1. Under the 'School and Early Years Finance (England) Regulations 2013, the local authority must not later than 28<sup>th</sup> February 2014:
  - a. Make an initial determination of their school budget; and
  - b. Give notice of that determination to the governing bodies of the schools they maintain.
- 1.2. The purpose of this report is therefore to inform Schools Forum of the initial determination of the schools budget for 2014-15 and to seek the necessary approvals required.

## 2. Recommendations

It is recommended that Schools Forum:

- a. Approves the determination of the schools budget at Appendix 1, together with the supporting explanations contained within this report.
- b. Approves the indicative Element 3 Top-up rates for the Special Schools as set out in Appendix 2 and agree that officers continue to finalise these with the Special Schools.
- c. Agrees the Element 3 Top-up rates for Resourced Units and Alternative Provisions settings set out at Appendix 2.
- d. Agrees to the allocation in 2014-15 of the 'exceptional circumstances' funding as set out in paragraphs 7.7 to 7.9.

- e. Agree that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15.
- f. Agree that any carry-forward balances from 2013-14 (other than in those referred to in 'e' above, and the 2 Year Old Trajectory in the separate agenda item) be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2014-15.
- g. Note the change in Growth Fund criteria to meet the requirements of the Education Funding Agency in section 10.

### **3. Background and Previous Decisions**

- 3.1. The Dedicated Schools Grant (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 2013.
- 3.2. Schools Forum have already received a number of reports and made a number of decisions in respect of the revenue funding arrangements for 2014-15.
- 3.3. The decisions previously made in respect of 2014-15 and reflected within the budget at Appendix 1 are summarised below.
  - 3.3.1. Approved the revenue funding formula for 2014-15 for all Primary and Secondary Schools, including the de-delegated budgets, growth fund and falling rolls fund.
  - 3.3.2. Agreed the number of funded places in high needs settings for the academic year 2014-15, including: Special Schools, Resourced Units, Alternative Provision and Post 16 institutions.
  - 3.3.3. Agreed to continue to centrally retain funding for the Admissions Service and Schools Forum.
  - 3.3.4. Agreed to continue to allocate the funding of Outreach Services to the individual special schools from the high needs budget.
  - 3.3.5. Approved the proposal to fund the Fair Access Protocol support service directly from the High Needs Budget from 2014-15.
- 3.4. The purpose of this report is to seek the necessary approvals in respect of the remaining areas of the budget, which have yet to be finalised.

#### **4. 2014-15 Budget Overview**

- 4.1. The proposed budget in respect of the DSG for 2014-15 is attached at Appendix 1, together with the budget for 2013-14 as a comparative. The appendix shows the 2014-15 budgets both including and excluding Academies. Whilst the Portsmouth's overall DSG allocation includes Academies, the Council will only receive and control part of the funding. The budget that is shown excluding Academies reflects the funding the Council is expected to receive and control and excludes the funding that Academies will receive directly from the Education Funding Agency.
- 4.2. Further details of the budget proposals are set out in the remaining sections of this report.
- 4.3. As schools continue to convert to academy status during 2014-15, the budget will be revised and reduced to reflect the fact that the responsibility for their funding will transfer to the Education Funding Agency.

#### **5. Centrally Retained Budgets**

- 5.1. There are two changes to the centrally retained budgets in 2014-15. The first is that from the 1 April 2014 schools will be excluded from the Carbon Reduction Credit Scheme. For 2014-15 the budget has therefore been removed; although the Council has also had reduction in the amount of Dedicated School Grant in respect of this.
- 5.2. As reported to Schools Forum in January, the Department for Education has negotiated a central arrangement for all publically funded schools for the following licences:
- Copyright Licencing Agency (CLA)
  - Schools printed Music Licence (SPML) owned by the Music Publishers Association (MPA)
  - Newspaper Licensing Authority (NLA)
  - Education Recording Agency(ERA)
  - Public Video Screening Licence (PVSL)
  - Motion Picture Licencing Company (MPLC)
- 5.3. Under the regulations, the funding for these licences will be centrally retained before delegation to schools and therefore the budget for 2014-15 has been increased.

## 6. Early Years Budgets

### 2 year old provision

- 6.1. For 2014-15, the DfE have allocated Portsmouth £2,989,800 of place funding to support the increased estimated number of 2 year old places and £359,580 of one-off trajectory funding.
- 6.2. The proposed arrangements for the continued expansion of the 2 year old provision are detailed within a separate report to Schools Forum on this agenda.

### 3 & 4 year old provision

- 6.3. No changes are proposed to the funding formula or rates applied to the three and four year old provision.
- 6.4. During 2013-14 there was increase in the number of 3 and 4 year old places in private, voluntary and independent nursery settings, which led to an in year budget pressure.
- 6.5. Appendix 1 reflects the current budget allocation for 3 and 4 year olds. It is estimated that there will be a need to increase the budget provision in 2014-15. The budget will be revised once the details of the January census count and the additional DSG funding allocation is known.

## 7. High Needs Budgets

### Element 3 Top-up Rates

- 7.1. As previously reported, no changes are proposed to the current Top-up funding rates for pupils in Resourced Units or Alternative Provision settings. Although we have seen an increased funding requirement as a result of previous decisions, such as the new Craneswater Annexe provision.
- 7.2. The new Resourced Unit at St Edmunds is due to open in September 2014 and currently there is no proposal to fund more than the £10,000 place funding; however this may be reviewed again.
- 7.3. The Top-up rates for pupils in Special School Settings have been reviewed and amended in order to try and maintain overall affordability, following the banding moderation meeting in November 2013. The results of the moderation meeting had led to an increase in the number of pupils banded at the higher rates and overall increase in the funding required.
- 7.4. The DSG grant conditions allow the Element 3 Top-up rate per band to be reduced by only minus 1.5% in 2014-15 compared to 2013-14.

Therefore in order to try and maintain overall affordability, we have reduced all of the Special School Top-up rates by 1.5%. Even with this reduction, the budget requirement has increased by £160,000 compared to 2013-14 as a result of the increased numbers of pupils at higher bands.

7.5. At the time of writing this report, officers are still in discussion with Special Schools to finalise the pupil moderation data from the November 2013 meeting. This is expected to be completed shortly after half term. The results of this work could affect the initial funding requirement for 2014-15.

7.6. As the Element 3 Top-up funding requirement is dependent on the assessment of pupil needs, the actual funding requirement in 2014-15 is likely to change. In the new academic year, the funding requirement could increase if the new pupils are banded at a higher rate than the pupils who leave at the end of summer term, as was experienced in September 2013.

#### Exceptional Circumstances Funding

7.7. In December 2012, Schools Forum agreed to the introduction of a mechanism to target additional funding, in exceptional circumstances, to schools and academies with a higher proportion of 'low incidence high cost statements'. The criteria for this allocation (shown in the table below) are based on the percentage of pupils with these statements compared to the Number on Roll (NOR).

<b>% of pupils with low incidence high cost statements compared to NOR</b>	<b>Primary Schools indicative additional funding per pupil with a low incidence high cost statement £</b>	<b>Secondary Schools indicative additional funding per pupil with a low incidence high cost statement £</b>
Over 1.4%	700	800
Over 1.75%		1,200
Over 2%	1,700	1,550
Over 2.25%		1,800
Over 2.5%	1,950	2,050
Over 3%	2,200	
Over 3.5%	2,600	

7.8. It is proposed that the exceptional circumstances criteria are applied in 2014-15, based on the above criteria. A fund of £360,000 will continue to be set-aside for this purpose, however until we have the statement data the final fund requirement cannot be determined.

7.9. The funding will be allocated to schools in the summer term and will be based on the statement data available in January 2014 compared to the October 2013 NOR.

### Medical Education and Individual Tuition

7.10. The Harbour School and the new Head Teacher are currently undertaking a review of the medical education and individual tuition service for pupils with medical needs. At the time of writing this report, the review is still underway and will require assessment by the SEN department.

7.11. The school believes that the service will require the additional funding of £220,000 allocated from the 2012-13 carry forward in 2013-14 on a permanent basis. Within the High Needs budget some funding has been set-aside for this purpose. Following the completion of the review, a further report will be presented to Schools Forum that may include a request for additional funding.

### Other High Needs Budgets

7.12. The High Needs budget reflects the previous decision of Schools Forum to continue to fund Outreach Services to the Special Schools directly from this budget. It also reflects the decision made in January to fund directly the Fair Access Protocol Support Service.

## **8. Dedicated Schools Grant**

8.1. On the 19<sup>th</sup> December 2013, the DfE announced the Dedicated Schools Grant Allocations for Portsmouth for 2014-15, which amounted to £132.243m. These allocations include the funding for both maintained schools and Academies; therefore the amount received directly by Portsmouth City Council will be less.

8.2. The funding allocation for Portsmouth is shown in the table below. The amount expected to be received directly by Portsmouth City Council is £116m. The funding received directly will continue change during the year as schools convert to academy status and receive their funding directly from the Education Funding Agency rather than through the Council.

	£m
Schools Block	105.703
Early Years Block *	8.151
High Needs Block *	15.172
2 Year Old Funding	3.349
Newly Qualified Teacher	0.035
Deduction of Carbon Reduction Credit payments	£(0.167)
<b>TOTAL</b>	<b>£132.243</b>

\* These are provisional allocations and will be updated later in the year

8.3. As indicated above, the funding for the Early Years Block will be updated following the completion of the January census. The High Needs block will be updated once the DfE has completed its review the High Needs Returns, submitted by Local Authorities in December.

## 9. Carry-forward balances

9.1. The School and Early Years Finance (England) Regulations 2013 now permit any unspent amounts in respect of the de-delegated budgets in 2013-14 to be carried forward for use on the same purposes. Therefore it is intended that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15.

9.2. At this stage in the financial year we are unable to confirm what the final carry forward balance will be, although indications are that this could be in the region of £1.5m. Any carry-forward balance would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurring expenditure budgets.

9.3. In setting the budget for 2014-15, it is considered necessary to retain any carry forward balance (other than at para 9.1) to assist with the continued introduction of the funding reforms and be available to support the financial risks and pressures arising in 2014-15 from Academy conversions, the increase in Out-of-City placements, Top-Up Funding for High Needs Pupils, the new Post 16 responsibilities and the impact of the Children's & Families Bill.

## 10. Growth Fund

10.1. Following the submission of the funding proforma for Primary and Secondary School Budgets, the Education Funding Agency (EFA) have requested that the Growth Fund criteria be amended to provide further clarity that the fund is to be used for 'basic need' growth and not for a general increase in pupil numbers. The EFA have agreed the following change in criteria:

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

10.2. Schools Forum are asked to note the change in criteria to meet the EFA requirements.

**11. Reasons for recommendations**

Schools Forum are recommended to endorse the proposals contained within the report. Under the 'School and Early Years Finance (England) Regulations 2013, Local Authorities must not later than 28<sup>th</sup> February 2014 make an initial determination of their school budget.

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

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

**13. Head of Legal Services' comments**

Legal comments have been included within the body of this report

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

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

.....  
 Signed by:

**Appendices:**

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

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

<b>Title of document</b>	<b>Location</b>
School and Early Years Finance (England) Regulations 2013	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
DfE - Dedicated Schools Grant allocations 2014-15 and supporting information	<a href="http://www.education.gov.uk">www.education.gov.uk</a>
Dedicated Schools Grant 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 - Budget Summary

	2014-15 Budget (including Academies)	2014-15 Budget (excluding Academies)	2013-14 Budget (including Academies)
	£000	£000	£000
<b>Individual School Budgets (ISB)</b>			
Primary	58,837	52,728	57,461
Secondary	43,666	36,352	44,357
Special School Place Funding	4,960	2,670	4,960
Resourced Unit Place Funding	870	580	760
Alternative Provision Place Funding	1,304	1,304	1,304
	<b>109,637</b>	<b>93,634</b>	<b>108,842</b>
<b>De-delegated and central budgets</b>			
Growth Fund	300	300	200
Falling Rolls Fund	500	500	0
De-delegated budgets	1,485	1,485	1,885
Licences	64	64	38
Schools Forum	15	15	15
Admissions	252	252	252
Carbon Credit	0	0	142
	<b>2,616</b>	<b>2,616</b>	<b>2,532</b>
<b>Early Years</b>			
3 & 4 Year Old Provision	7,445	7,445	7,445
2 Year Old Provision	3,271	3,271	2,405
Central Expenditure on under 5	398	398	398
	<b>11,114</b>	<b>11,114</b>	<b>10,248</b>
<b>High Needs</b>			
Element 3 Top-up funding	6,439	6,439	5,928
Out of City Placements	1,200	1,200	1,200
SEN Support Services	687	687	687
Medical Education	353	353	573
Outreach Services	232	232	0
Fair Access Protocol	60	60	0
	<b>8,971</b>	<b>8,971</b>	<b>8,388</b>
<b>Total Expenditure</b>	<b>132,338</b>	<b>116,335</b>	<b>130,010</b>
DSG Income	(132,243)	(116,240)	(129,790)
One-off use of Carry Forward *	(95)	(95)	(220)
<b>Total Income</b>	<b>(132,338)</b>	<b>(116,335)</b>	<b>(130,010)</b>

\* £95k agreed by Schools Forum in January 2014



Special Schools

	Cliffdale		Harbour		Mary Rose		Redwood		Willows	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£	£	£	£	£	£	£	£	£	£
Band A	19,121	18,834	18,285	18,011	19,757	19,461	21,607	21,283	20,489	20,182
Band B	10,646	10,486	10,009	9,859	11,417	11,246	12,079	11,898	12,652	12,462
Band C	8,979	8,844	8,381	8,255	9,776	9,629	10,204	10,051	11,110	10,943
Band D	7,605	7,491	7,039	6,933	8,425	8,299	8,659	8,529	9,840	9,692
Band E	5,890	5,802	5,364	5,284	6,737	6,636	6,731	6,630	8,254	8,130
Band F	3,528	3,475	3,058	3,012	4,412	4,346	4,075	4,014	6,069	5,978
Band G	2,704	2,663	2,253	2,219	3,547	3,547	3,148	3,101	5,307	5,227
Band H	1,209	1,191	793	781	2,098	2,098	1,468	1,446	3,925	3,866

Note: the top-up rate for places in Stamshaw is £28,190

Resourced Units & Alternative Provision

	2013-14 & 2014-15 £
Devonshire Infant	0
Flying Bull	6,638
Harbour	5,273
Milton Park	8,476
Northern Parade Junior	0
Penhale Infant	101
Portsdown	0
Southsea Infant	2,731
Victory	1,934
Craneswater Annex <sup>1</sup>	25,448
St Edmunds <sup>2</sup>	0

<sup>1</sup> The Craneswater Annex, operated by Mary Rose Academy, was approved by Schools Forum in September 2013

<sup>2</sup> The Resourced Unit at St Edmunds is due to start in September 2014

# Agenda Item 7



Portsmouth  
CITY COUNCIL

Agenda item: 

<b>7</b>
----------

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	26 <sup>th</sup> February 2014
<b>Subject:</b>	School Balance Control Mechanism and Raising Educational Standards in Portsmouth
<b>Report from:</b>	Julian Wooster, Director of Children's and Adults Services
<b>Report by:</b>	Richard Webb, Finance Manager for Children's Services Julien Kramer, Head of Education
<b>Wards affected:</b>	All Wards
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

---

## 1. Purpose of report

A report was presented to Schools Forum on 17 July 2013 advising on the level of schools revenue and capital balances as at 31 March 2013 and their planned use. A further report on those schools with the largest uncommitted revenue balances was presented to Schools Forum in December 2013.

This report considers the options available in respect of re-instating the school balances claw-back mechanism, as requested by Members at the December meeting. In addition, this report also considers the options as part of the raising educational standards agenda in Portsmouth.

## 2. Recommendations

It is recommended that Schools Forum:

- a. Considers and approves one of the following options, subject to consultation with maintained schools:
  - i. To implement a new "balance control mechanism" to clawback excessive balances as set out in Appendices 2 and 3; or
  - ii. To continue to operate without a "balance control mechanism", and implement the proposals set out in paragraphs 6.14 to 6.16 and Appendix 3 .
- b. Endorse a further report to be presented to Schools Forum considering the options available for utilising school balances to support initiatives to raise educational standards in Portsmouth.

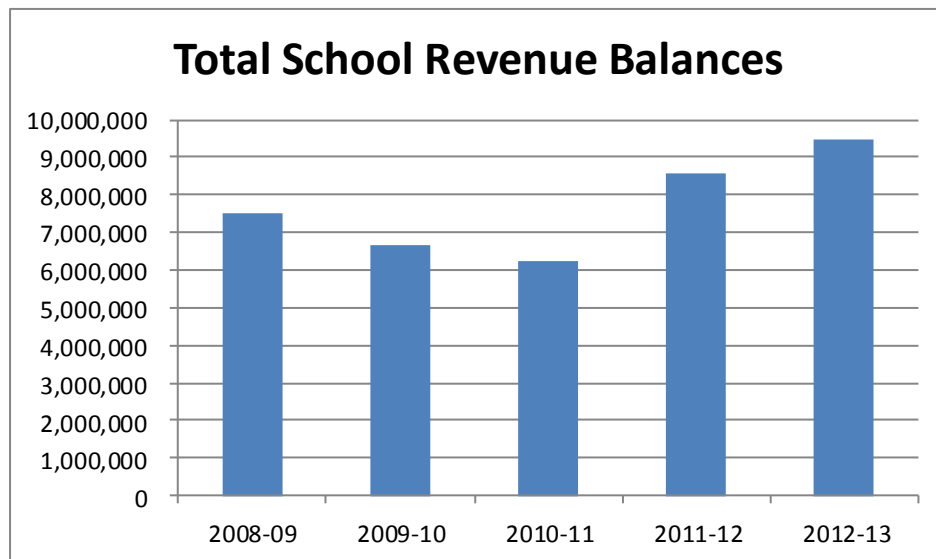
### 3. Background

- 3.1. In December 2011 a report was presented to Schools Forum in respect of the required changes to the Scheme for Financing Schools. It was reported to Schools Forum that the mandatory requirement for the Scheme for Financing Schools to contain a "balance control mechanism" providing arrangements for "clawing back excessive balances" was no longer required by the Department for Education (DfE).
- 3.2. Whilst the mandatory requirement for a "balance control mechanism" was removed, it was still possible to include a mechanism by agreement between the Schools Forum and the Local Authority. However, the mechanism was removed completely in Portsmouth.
- 3.3. Since the mechanism was removed, the school revenue funding arrangements have changed significantly as part of the transition to the National Fair Funding Formula. In particular under the new regulations a Local Authority is not able to make changes to their school funding formulae after the funding period has commenced, meaning that any redistribution of balances cannot take place until the next funding period.
- 3.4. The latest Scheme for Financing Schools in Portsmouth does not include a "balance control mechanism"; however there is provision within section 4.2 of the scheme (see below) for Schools Forum to revisit this.

*'4.2 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 mechanism for the clawback of excessive balances has been removed. This provision may be revisited by Schools Forum where significant excessive uncommitted balances have built up.'*

### 4. School Balances

- 4.1. The total school balances as at 01 April 2013 amounted to £9.5m. Included within this balance were £0.9m of community related balances (e.g. Community Improvement Partnerships, community lettings, breakfast and after school clubs, etc), leaving £8.6m of 'curriculum' balances. Of this, a further £3.6m has been committed to specific projects or initiatives, leaving a balance of £5.0m, or 6.54% of 2012-13 budget allocations as uncommitted.
- 4.2. The graph below shows the level of school revenue balances for the five years 2008-09 to 2012-13. Whilst the revenue balances were declining for the 3 years to 2010-11, they have risen sharply since 2011-12, possibly due the uncertainty created by the introduction of the National Fair Funding Formula, alongside the removal of clawback mechanism.



4.3. The table below shows the maintained school revenue balances as at 01 April 2013 by school phase.

Sector	Total Balances as at 01/04/13	% of 2012/13 budget allocation	Uncommitted Balances as at 01/04/13
Nursery & Primary schools	5,636,467	9.71	2,983,890
Secondary schools	3,399,712	7.99	1,800,400
Special schools	464,301	5.26	280,123
<b>Total</b>	<b>9,500,480</b>	<b>8.68</b>	<b>5,064,414</b>

4.4. The DfE also publishes annually a summary of all the local authority school balances. The table below shows the revenue balances as a percentage of total revenue income (for schools in surplus only) for Portsmouth compared to the National and Regional figures.

	09/10	10/11	11/12
England Average	5.9	6.4	8.0
South East	5.1	5.3	6.8
Portsmouth	6.2	5.7	7.4

4.5. This shows that whilst Portsmouth school revenue surplus balances have been above the regional average during this period, they have been significantly below the national average since 2010-11. At the time of writing this report the data for 2012-13 has not yet been published by the DfE.

- 4.6. As schools convert to Academy status, they generally take any surplus balances with them. Since 01 April 2013, a further five schools have converted to Academy status in Portsmouth and this has reduced the level of revenue balance by £830,000 (8.7%) based on the April 2013 values.
- 4.7. A number of further Academy conversions are expected during 2014-15, which will further reduce the level of balances. There are a number of schools with Academy Orders in place, whilst we are aware of others that are seeking to convert. Based on this information, the estimated reduction in balances during 2014-15 could amount to a further £1,600,000.

## **5. Previous balance control mechanism**

- 5.1 The statutory guidance relating to 'Schemes for Financing Schools', states in respect of "balance control mechanisms" that:

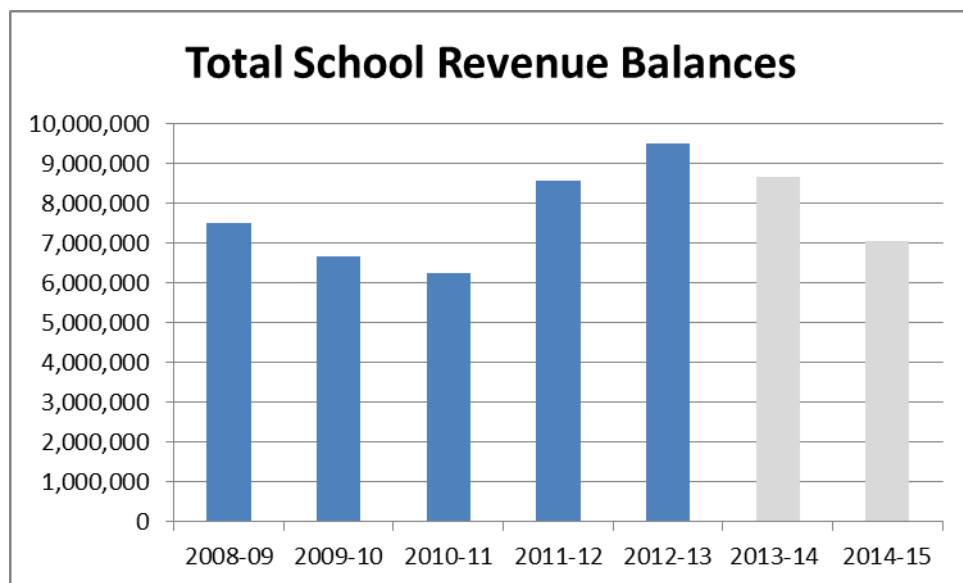
*'The scheme may contain a mechanism to clawback excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.'*

- 5.2 The previous "balance control mechanism" is shown at Appendix 1. Under this mechanism uncommitted balances in excess of 8% (Primary & Special) and 5% (Secondary) would have been clawed back.

## **6. Future Options**

- 6.1. As highlighted within the report, the level of school revenue balances had been declining up until 2011-12. Since 2011-12, when the "balance control mechanism" was removed, the level of balances rose sharply to a five year high in 2012-13.
- 6.2. During this period, we have seen a number of developments and changes to the school landscape, including the transition to the National Fair Funding Formula, which is delegating more funding and responsibilities to schools, alongside the increasing number of schools converting to Academy status. It is highly likely that the uncertainty created by these changes and reforms, will have contributed towards the increase in school balances.

- 6.3. As highlighted within the report, the conversion of schools to Academy status is having an impact of the level of maintained school balances. Using the school balances information from the 01 April 13, the table below shows the forecast reduction in balances in 2013-14 and 2014-15, arising from the schools that have already converted and are forecast to convert during 2014-15. It can be seen that by the end of March 2015, the level of balances could have reduced by circa £2.5m and be below the levels in 2008-09 purely as a result of Academy conversions.



- 6.4. The Education Department are currently reviewing their arrangements for supporting school improvement in Portsmouth. As part of the package of support available, options for utilising school balances to support initiatives to raise educational standards in Portsmouth are being considered. These include match funding for school or cluster initiatives and a possible reintroduction of the loan scheme for maintained schools to provide catalyst funding support initiatives for school improvement. The criteria and value of loans available would need to be structured to address the issues identified with the old scheme that was ceased last year.
- 6.5. Schools Forum has the following two options available in respect of a school balances claw-back mechanism:
- a. implement a new "balance control mechanism" to clawback excessive balances; or
  - b. continue without a "balance control mechanism".
- 6.6. The sections below provide further details in respect of each of these options, including the operational arrangements and the potential implications.

### **Implement a new "balance control mechanism"**

- 6.7. The provisions of the 'Scheme for Financing Schools' only apply to maintained schools within Portsmouth. Therefore if a "balance control mechanism" was to be reintroduced within the scheme, it would only apply to maintained schools and **not** Academies within the city.
- 6.8. Furthermore, any funds centrally recouped through a clawback process can **only** be reallocated to schools through the school revenue funding formula, which would include allocating this amount to both maintained schools and Academies. Alternatively, funding could be retained and used to support the Growth Fund and Falling Rolls Fund.
- 6.9. If a new "balance control mechanism" was to be introduced into the Scheme for Financing Schools, it will be necessary to consult with the maintained schools within Portsmouth, before final ratification by Schools Forum. It is recommended that any mechanism apply to balances as of the 31 March 2015.
- 6.10. If any of the balances as at 31 March 2015 were clawed back, based on the current regulations, they could only be allocated through the school revenue funding formula for the year 01 April 2016 to 31 March 2017 (i.e. the following financial year), as the funding formula cannot be re-determined during the funding period.
- 6.11. A potential "balance control mechanism" is attached at Appendix 2. The management of any mechanism is resource intensive for both schools and the Local Authority. One area of particular difficulty is applying the DfE requirements set out in paragraph 5.1 in relation to identifying 'committed' and 'uncommitted' balances.
- 6.12. Appendix 3 includes a revised list of items that can be considered as 'committed' for these purposes. The list has been reduced in order to reduce some of the subjective decision making and increase the ability to more easily monitor the balances centrally.
- 6.13. It is also proposed within the criteria at Appendix 2 that Schools Forum will have the final decision on any issues arising from the application of the policy.

### **Continue without a "balance control mechanism"**

- 6.14. If Members choose to continue to operate without a "balance control mechanism", then it would not be possible to clawback any balances from maintained schools. However, the balances would continue to be monitored by both Finance and the Education Department and reported to Schools Forum.



6.15. The procedure set out below will continue to be applied in monitoring the school balances under this option. It is also proposed that if Members decide not to implement a "balance control mechanism" to clawback balances, that this process be clarified within the Scheme for Financing Schools:

- a. Schools will continue to be asked to provide a breakdown of their year-end balances between committed and uncommitted.
- b. Schools Forum will receive the School Balances report, following the completion of the year-end closedown process, which will provide an analysis of the balances by school and will identify those which exceed the 8% and 5% thresholds.
- c. Those schools identified as potentially breaching the thresholds, will be asked to provide further evidence of the planned use of their balances. The information will be reported back to the Schools Forum and the Education Department in the new academic year.
- d. The Education Department will consider this information as part of its school performance and improvement reviews.

6.16. In order to simplify the process above, it is recommended that Appendix 3 is also incorporated into the Scheme For Financing Schools and replace the existing criteria which is based on the previous "balance control mechanism". Any changes to the Scheme For Financing Schools will require consultation with maintained schools.

## **7. Reasons for recommendations**

This report considers the options available in respect of re-instating the school balances claw-back mechanism, as requested by Members at the December 2013 meeting. In addition, this report also considers the options as part of the raising educational standards agenda in Portsmouth.

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

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

## **9. Legal comments**

Legal comments have been included within the body of this report

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

The financial implications are included in the body of this report.

.....  
 Signed by:

**Appendices:**

**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
<b>Schools Forum Reports:</b> School Balances 31 March 2013 - 31 July 2013 School Balances - 18 December 2013	<a href="http://democracy.portsmouth.gov.uk/ieDochome.aspx?Categories=">http://democracy.portsmouth.gov.uk/ieDochome.aspx?Categories=</a>
Portsmouth Scheme For Financing Schools	<a href="http://www.portsmouth.gov.uk">www.portsmouth.gov.uk</a>
School Balances Information	Education Finance
DfE School Balance data	<a href="http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/balances/a0068022/school-balances">http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/balances/a0068022/school-balances</a>

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

.....  
 Signed by:

## **Appendix 1 - Previous Balance Control Mechanism**

### **4.2 Reporting on and control of the use of surplus balances**

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

The authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.

The Authority shall deduct from the calculated balance any prior year commitments and any unspent Standards Fund grant for the previous financial year.

The Authority shall then deduct from the resulting balance any sum which the governing body has declared to be assigned to specific purposes permitted by the Authority (as listed in Annex 9) and which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

If the resulting balance is greater than 5% of the current year's budget share (secondary schools) or 8% (primary and special schools) or £10,000 (where that is greater than either percentage threshold), then the Authority shall deduct an amount equal to the calculated excess from the current year's budget share.

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

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

## **Annex 9**

### **Permitted Specific Purposes for the Use of Surplus Funds**

- Unspent Standards Fund Grants up to a maximum of 30% of allocation.
- Prior year commitments not included in accounts – must be evidenced by:
  - A contract or official order dated prior to 1<sup>st</sup> April, or
  - 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)
- Balances held on behalf of a cluster of schools e.g. phase conferences, CIP funding
- Balances held for specific community projects e.g. nursery provision, children's' centres, extended services

## **Appendix 2 - Potential Balance Control Mechanism**

### **4.2 Reporting on and control of the use of surplus balances**

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

The authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework.

The Authority shall deduct from the recurrent balance any sum which the governing body has declared to be assigned to specific purposes permitted by the Authority (as listed in *Appendix 3*) and which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

If the resulting balance is greater than 5% of the current year's budget share (secondary schools) or 8% (primary and special schools) or £10,000 (where that is greater than either percentage threshold), then the Authority shall remove any amount equal to the calculated excess from the schools balances.

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

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

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

Schools Forum will have the final decision as to whether any amounts shall be removed from school balances.

### **Appendix 3 - Proposed Permitted Specific Purposes for the Use of Surplus Funds**

The Council will take into consideration any amounts which the Governing body can demonstrate are properly assigned for specific purposes. These are:

- 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.

This page is intentionally left blank