
NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 16 JULY 2014 AT 4.30PM

CONFERENCE ROOM A - CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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Membership

Schools Members

One head teacher representative - nursery phase

Three head teacher representatives - primary phase

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

AGENDA

1 Apologies

2 Declarations of Interest

3 Membership Changes.

4 Schools Forum Constitution

Richard Webb, Finance Manager will provide a verbal update.

Recommendation.

Schools Forum is recommended to amend the Schools Forum Membership to add one additional Non-Schools Member representative. This representative will be an Elected Member from the United Kingdom Independence Party.

5 Minutes and Matters Arising from the Previous Meeting - 30 April 2014.
(Pages 1 - 6)

6 Universal Infant Free School Meals (Pages 7 - 32)

Purpose

The purpose of this report is to provide the Schools Forum with an update on the implementation of the Universal Infant Free School Meals initiative and to highlight a future change to the price of school meals to parents subject to the conclusion of contract re-negotiations with ISS.

Recommendation

It is recommended that the Schools Forum:

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

7 School Balances at 31 March 2014 (Pages 33 - 48)

Purpose

The purpose of this report is to inform the Schools Forum as to the level of schools' revenue and capital balances as at 31st March 2014.

Recommendation

It is recommended that Schools Forum notes the level of schools' revenue balances and capital balances as at 31st March 2014 as shown in Appendices 1 & 2.

8 DSG Outturn Position 2013-14 (Pages 49 - 56)

Purpose

This purpose of this report is to inform Schools Forum of the final position of the Dedicated Schools Grant (DSG) spending in 2013-14 and confirms the carry forward funding brought into 2014-15.

Recommendations

It is recommended that the Schools Forum:

- a) Note the reasons for the under and overspends within the DSG budget in 2013-14.
- b) Acknowledge that the carry forward funding is not available on an on-going basis.

9 Revised Budget 2014-15 (Pages 57 - 74)

Purpose.

The purpose of this report is to inform Schools Forum of the latest announcements from the Department for Education (DfE) in respect of the Dedicated Schools Grant funding and to propose amendments to the 2014-15 budgets in order to maintain overall affordability.

Recommendations.

It is recommended that Schools Forum:

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

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

10 Scheme For Financing Schools (Pages 75 - 146)

Purpose

This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions required by the Department for Education and have been consulted on with schools.

Recommendation

It is recommended that Schools Forum approve the revised Scheme for Financing Schools attached at Appendix 1.

11 Funding Reform 2015-16 (Pages 147 - 166)

Purpose

This purpose of this report is to:

- a) Provide Schools Forum with an update on the progress and developments on the implementation of the school revenue funding arrangements for 2015-16; and
- b) Seek the necessary approvals at this stage in the process.

Recommendations

It is recommended that the Schools Forum:

- a) Endorse the principles proposed by the working groups in Appendices 2 and 3, to guide and inform the development of the funding arrangements for 2015-16.
- b) Acknowledge the mainstream funding working groups proposals:
 - i) not to alter the lump sum factor in 2015-16;
 - ii) not to introduce the split site funding factor in 2015-16;for the reasons set out in section 5 of this report.
- c) Note that the mainstream funding formula consultation will be issued early in the autumn term and any feedback from schools will be presented to the Schools Forum meeting in October.
- d) Endorse the submission to the DfE of the necessary Minimum Funding Guarantee (MFG) exceptions and dis-applications.
- e) Acknowledge the proposal that any changes to the unit values attached to funding factors in 2015-16 in order to maintain overall affordability, will be limited to the following formula factors:
 - Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump sum
 - Percentage of the financial cap
- f) Note the recent announcements from the DfE in respect of the High Needs funding arrangements as set out in paragraphs 6.1a to 6.1d.

- g) Acknowledge the Special working groups continued support for the existing Element 3 top-up funding system for Special Schools, and the proposed review of the banding descriptors.
- h) Acknowledge the proposal not to amend the band values for Special Schools in setting the budget for 2015-16.
- i) Note the proposed changes for 2015-16 in respect of the de-delegated budgets from maintained schools as set out in section 7.
- j) Note the next steps in the development of the 2015-16 funding arrangements as set out in section 9.
- k) Consider and approve one of the following options:
 - i) Approve the proposed criteria and funding allocation methodology for the Falling Rolls Fund in 2015-16 as set out in Appendix 5, subject to approval by the Department for Education; or
 - ii) Cease the operation of the Falling Rolls Fund in 2015-16.

12 Any Other Business.

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Agenda Item 5

SCHOOLS FORUM

RECORD OF DECISIONS of the meeting of the Schools Forum held on Wednesday, 30 April 2014 at 5pm in the Civic Offices.

Present

Mark Mitchell, Governor - Special (in the Chair).
Clive Good, Governor - Primary
Suzy Horton, Governor - Primary
Bruce Marr, Governor - Secondary
Jayne Pratt, Governor - Nursery
Steve Sheehan, Governor - Primary

Fiona Calderbank, Head Teacher - Secondary.
Jackie Collins, Head Teacher - Primary
Margaret Dunford, Head Teacher - Special
David Jeapes, Head Teacher - Secondary
Sarah Sadler, Head Teacher - Primary.
Mike Smith, Head Teacher - Secondary.
Karen Stocks, Head Teacher - Nursery
Sue Wilson, Head Teacher - Primary.

Alison Beane - Academy Representative.
Margaret Beel - Academy Representative
Steve Frampton, 16-19 Representative.
Councillor David Fuller

Officers.

Jane Di Dino, Local Democracy Officer
Alison Egerton, Group Accountant
Julia Katherine, Child Support Commissioning
Manager
Gemma Limburn, Head of HR - Strategy.
Mike Stoneman, Strategic Commissioning
Manager
Richard Webb, Finance Manager
Julian Wooster, Strategic Director

14. Apologies (agenda item 1)

Apologies were received from Councillor Ken Ferrett.

15. Declarations of Interest (agenda item 2)

The following people made declarations of interest regarding item 10: Steve Frampton; David Jeapes; Mike Smith and Steve Sheehan.

16. Membership Changes (agenda item 3)

Richard Webb informed the Forum that at the Governors Forum on 10th March, the following representatives were agreed:

- Mark Mitchell was reappointed as the special school Governor representative.
- Bruce Marr was reappointed as the Secondary Governor representative

The Forum was also informed that it was necessary to appoint a new 'Chair'. Mark Mitchell indicated that he would be happy to be reappointed as 'Chair' and left the room whilst this was discussed. Mike Smith agreed to act as Chair in his absence and David Jeapes nominated Mark Mitchell. There were no other nominations.

The Schools Forum appointed Mark Mitchell as Chair (approved unanimously).

17. Minutes and Matters Arising from the Previous Meeting Held on 26 February (agenda item 4).

The minutes were agreed.

The Chair noted that the report on the options available for utilising school balances to support initiatives to raise educational standards in Portsmouth would be brought to a future meeting.

18. Living Wage for Portsmouth (agenda item 5).

Gemma Limburn introduced the report that was considered by the Employment Committee in March and explained that:

- Her role is to manage the HR Schools Team.
- She started in this new post in September and has experience in further and higher education and local authorities.
- At the Employment Committee meeting in March it was agreed that the Council would not go forward with the implementation of the living wage for PCC or schools staff without the agreement of schools due to the risks of equal pay litigation. She was therefore asked to discuss the implications with schools and gauge whether they would wish to implement it. Initial feedback from the meeting with primary school Head Teachers indicated that they were nervous about timescales as budgets had already been set. Primary Head Teachers also felt that they needed more information about the future financial implications.
- The implementation date was originally suggested for November 2014 but this could be phased.
- It is anticipated that the living wage will increase by 3% per year with the possibility of reaching £10.10 by 2018. Pay awards will not increase at the same rate.

In response to questions, clarified the following points:

- She has met with primary Head Teachers and will meet with secondary and special school Head Teachers as well as the Governors forum.
- Some local authorities have compelled schools to introduce the living wage by changing the bandings. However, Portsmouth City Council is not seeking to do that.
- The introduction could be introduced on a phased basis.
- Schools could go it alone and implement it immediately, but would be mindful of possible equal pay issues.
- Unlike the minimum wage, there would be no difference in pay for 18 and 21 year olds.
- The only exemptions for the living wage are genuine apprenticeships.
- If a school or council wanted to apply for full accreditation, it would be required to pay an annual £400 fee and to ensure that contractors pay the living wage to its

staff. The council does not intend to apply for full accreditation, but would encourage its contractors to do so.

Mike Smith commented that in principle he fully supports the introduction of the living wage.

Jackie Collins explained that it would affect cleaners, dinner ladies and teaching assistants. Initial feedback from Primary Head Teachers indicated that although they felt it was morally correct to introduce this, they were concerned about the timing.

Sue Wilson explained that her schools bursar had expressed concern regarding the discretionary allowance and would prefer to change the bandings so that all staff are treated equally.

Gemma Limburn responded that PCC had supported the payment being unconsolidated to prevent impact on the integrity of the pay structure and bandings and to enable an annual review in relation to budget pressures.

Schools Forum noted the report.

19. Schools Modernisation Capital Programme 2014/15 (agenda item 6).

Mike Stoneman - Strategic Commissioning Manager, introduced the report and in response to questions, clarified the following points:

- The programme applies solely to local authority maintained schools
- For urgent works outside of the planned programme, the schools contribution would be a minimum of £5,000 for primary/special schools and £10,000 for secondary schools regardless of the price of the work.

The Chair reminded members that they had agreed the formula in February 2013 and they would review it later this year in readiness for financial year 2015-16.

Schools Forum:

- a) Endorsed the Council's £1.3m Schools Modernisation Capital Programme for 2014/15. *(approved unanimously)***
- b) Approved the continued application in 2014-15 of the existing methodology for calculating a maintained school's contribution to capital schemes for condition works. *(approved unanimously)***
- c) Approved a school contribution of £5,000 for primary schools and £10,000 for secondary schools* for urgent works up to the value of £15,000 and for schemes over £15,001 that the methodology set out in paragraph 3.3 be applied, subject to a minimum contribution of £5,000. *(approved unanimously)***

*note: following amendment agreed by the Forum during the meeting: 'and £10,000 for secondary schools'

20. Housing & Property Services Update (agenda item 7).

Susan Whitehouse gave a verbal update to the forum:

- 16 schools were selected for Radon monitoring, results were submitted to the Health Protection Agency for analysis - these were all clear and schools have been informed of this by letter.

- All seven Salix (Energy Efficiency) funding bids submitted through the council were approved. One that was submitted directly by a school was rejected. If you have a scheme that might qualify or need any explanation of the Salix funding please contact Alan Barber, Energy Officer on 023 9283 4255 who is available to assist schools with their application forms and calculations. Successful schemes have included conversion of oil to gas boilers, installation of LED lighting and boiler optimisation. For more information, see Salix website: www.salixfinance.co.uk
- Schools are reminded that if they are using facilities out of hours, emergency lighting is required. Alan Barber (contact details as above) will assist with any queries with this.
- Letters have been sent to schools identified in the 14/15 School Modernisation Programme informing them that the capital works were approved and asked to confirm that they will pay their contribution.
- Schools are reminded to inform the John Bean, Housing & Property Service, Head of Maintenance about any works planned for summer.

The Schools Forum noted the update.

21. Schools Contingency & Falling Rolls Fund (agenda item 10).

The Forum agreed to consider this item next.

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

- The formula and the criteria used are set out in the appendix to the report
- Requests for use of the 'Schools Contingency Fund' would be brought to the forum in October and February.
- In developing the Falling Rolls Fund criteria the intention was to support the Secondary Schools in the city who had seen a significant reduction in funding as a result of the change in pupil numbers.

Mike Stoneman explained that medium term forecasts indicate that there will be a shortage of secondary school places for both girls and boys.

Mark Mitchell made the following observations:

- The cohort would increase if City of Portsmouth Boys School becomes a co-educational school.
- The most important thing is to secure the future of schools in Portsmouth. The continuing challenge faced by primary schools, due to increased demand, will impact secondary in the near future. It is not easy to expand secondary schools in the city.
- Although he did not know the details of King Richard School's balance, he would not be surprised if it had put aside some money in light of policy changes.

Steve Frampton commented that the Forum must look at meeting the needs of the city as best it can.

Bruce Marr expressed support for allocating the funding to the school, but did not know how this would be spent. He asked if the resources purchased could be used to support other schools as well e.g. sharing a teacher with another school.

Sue Wilson noted that it was important that no additional pressure was put on the school, so the funding should be allocated.

In response to a question, Mike Smith explained that his school did not have a significant carry forward balance.

David Jeapes expressed concern about the possible implications of setting a precedent for funding allocation.

Steve Frampton challenged some of the wording and assumptions in the report:

- Section 4.4 - he felt that the current surplus places in the City of Portsmouth Boys School would not necessarily be required.
- Section 4.7 - he felt that it is not certain that King Richards School could mitigate the impact of the impact of the falling roll during the 2014-15 financial year through the use of these [end of year] balances.

Schools Forum also wanted it to be noted that the allocation to City of Portsmouth Boys Schools from the Schools Contingency Fund, was not intended to set a precedent in respect of allocating funding for Falling Rolls. Rather this was a specific one-off allocation recognising that the School met all of the other Falling Rolls Fund criteria and would have received the allocation from that fund, had the timing of the recent Ofsted inspection and rating change taken place after April 2014.

Mike Smith abstained from voting.

School Forum

- a) Approved the proposals to allocate the City of Portsmouth Boys School a sum of £109,449 from the Schools Specific Contingency Fund to support the impact of falling numbers on roll. (17 Yes, 1 Abs)**
- b) Endorsed the proposal to refine the criteria for the Falling Rolls Fund for 2014-16 and present this to Schools Forum in July 2014. (17 Yes, 1 Abs)**

22. Analysis of Schools Block Funding 2014-2015 (agenda item 8).

Richard Webb introduced the papers and in response to questions, clarified the following points:

- The mobility funding factor had not been used in Portsmouth as it was decided last year that the focus for allocating funding would be 'need' rather than 'mobility' as identified in the funding consultation documents with schools.

Action: A copy of the consultation paper would be sent to Sarah Sadler.

Mark Mitchell noted that he was pleased to see that Portsmouth City Council is broadly in line with what other authorities are doing with regard to funding allocations. The only significant difference is the allocation of looked after children for whom Portsmouth funds schools considerably more. This is still only a small percentage of the overall funding.

The Schools Forum noted the papers.

23. Fairer Schools Funding in 2015-2016 (agenda item 9).

Alison Egerton introduced the report.

Mark Mitchell noted the issues and implications identified within the report arising from the DfE proposals, and commented that the National Fair Funding Proposals had been delayed. He observed that it was fair funding, not fairer funding.

Mike Smith disagreed as he felt that it was a move to fairer funding. All the winners were being created now and the losers would be identified at a later date.

Richard Webb expressed concern about the minimum funding level as it fails to take into account Portsmouth's high levels of SEN and deprivation funding and is based in part on historic data. He also expressed concern as to how the 'minimum funding level' may be applied in future years.

Schools Forum:

- a) Noted the Government's proposals in respect of the changes to the school revenue funding arrangements for 2015-16 as set out in sections 3 to section 5.**
- b) Noted the implications for Portsmouth of the proposals set out in section 6.**
- c) Endorsed the response to the consultation "Fairer Schools Funding in 2015-16" attached in Appendix 3. *(approved unanimously)***
- d) Approved the proposals to set up working groups (one for the mainstream schools and one for the special schools) to support the implementation of the funding arrangements for 2015-16. *(approved unanimously)***

The meeting concluded at 6.25pm.

Chair

Report to: Schools Forum

Subject: Universal Infant Free School Meals (UIFSM) Implementation

Date of meeting: 16th July 2014

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

Report by: Mike Stoneman, Strategic Commissioning Manager

Wards affected: All Wards

Key decision: No

Full Council Decision No

1. Purpose of report

- 1.1. The purpose of this report is to provide Schools Forum with an update on the implementation of the Universal Infant Free School Meals (UIFSM) initiative and to highlight a future change to the price of school meals to parents subject to the conclusion of contract re-negotiations with ISS.

2. Recommendation

2.1 It is recommended that Schools Forum:

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

3. Background to UIFSM

- 3.1 Following the Government announcement in September 2013, that every child in Year Reception, Year 1 and Year 2 in state-funded schools will be able to receive a free school lunch from September 2014, the Chancellor confirmed in the Autumn Statement on 5 December 2013 how the project will be funded. The government is making £150 million of capital available. £70 million of this will be new money from the Treasury and around £80 million will be from unspent DfE maintenance budgets. The capital allocation for Portsmouth was announced on 18 December 2013 confirming a total allocation of £488,985 for LA maintained schools (academies will be required

to bid to Academies Capital Maintenance Fund). The government will also be providing revenue funding of £450 million in 2014 to 2015 and £635 million in 2015 to 2016 to the Department for Education to fund this commitment. This represents new money into the DfE budget

- 3.2 This is now a legal requirement following an amendment to the Children and Families Bill, to place a legal duty on primary schools to offer free school meals to all infant aged pupils. The legislation also includes a power to extend the policy to additional year groups in future. Existing entitlements to free school meals for disadvantaged pupils in nursery classes and key stages 2-4 will continue as now.
- 3.3 The aim of the initiative is to improve academic attainment and save families money – over the course of a year the average family spends £437 on school lunches per child. At the same time, the government will extend free school meals to disadvantaged students in further education and sixth form colleges.
- 3.4 Universal free school meals for primary school pupils were a key recommendation in a recent review of school food produced independently for the Department for Education. The review was led by Henry Dimbleby and John Vincent of Leon Restaurants and culminated in the publication of The School Food Plan in July 2013 which set out a list of actions needed to improve food provision for millions of children including the provision of free school meals. The review found that, in pilots where all children have been given a free school dinner, pupils were academically months ahead of their peers elsewhere and more likely to eat vegetables at lunchtime instead of less healthy food like crisps. It recommended therefore that the government embark on a phased roll out of free school meals for all children in all state funded primary schools. The School Food Plan presented evidence that this would lead to positive improvements in health, attainment and social cohesion, and help families with the cost of living.

4. Delivery of school meals in Portsmouth

- 4.1 ISS is the current provider of school meals in Portsmouth which the City Council manages on behalf of all primary schools (with the exception of Northern Parade Schools) and four secondary schools (King Richard School, The Portsmouth of City Boys' School, Mayfield School and Springfield School). The current contract extends for a period of four years from 1st September 2012 to 31st August 2016 with an option to extend for a further three years. The Council is currently re-negotiating the contract with ISS in light of the significant increase in school meal numbers that will result from UIFSM. These negotiations are at an advanced stage and are likely to be concluded by the end of June 2014 (refer to section 8).
- 4.2 As part of this arrangement there are 56 sites comprising 16 production kitchens (school kitchens that serve other schools); 16 stand alone kitchens (school kitchens that serve just their own school) and 24 serveries (schools that receive school meals from other production kitchens - food is transported between schools by the Council's Dispatch Service).

- 4.3 The current uptake of school meals in those schools which form part of the contract is 36% for primary schools and 30% for secondary schools. The uptake has increased by 3% since ISS took over the contract in September 2012.

5. Potential take-up in Portsmouth and capital cost implications

- 5.1 ISS has undertaken an analysis to determine the additional potential infant take up of school meals taking into account numbers of infant pupils on roll at each school, the current take up of school meals and the possible take up (based on 80% of eligible roll). The detail of this analysis is given at Appendix 1. It shows a rise from 2242 to 5355 school meals per day for Years R, 1 and 2, an increase of 3113 meals per day and an annual cost of £1.2m.
- 5.2 The total number of school meals per day for all year groups that ISS delivers for is on average 5,300. The estimated increase of 3113 meals per day would bring the total number of meals per day to 8,413 an increase of 59%
- 5.3 The Council has been working closely with ISS and primary schools to ascertain what arrangements would need to be put in place and the associated investment that would be required in order to support such an increase in school meals. The analysis has taken into account several key factors including: space requirements; equipment requirements; capacity of kitchens and serveries; transport of school meals; and staffing.
- 5.4 **Space requirements** - ISS has been in discussion with schools about the logistics of seating so many infant children during the lunch hour and ways in which this can be delivered. This has included
- Extension of the lunch period and extra sittings
 - Children who have packed lunches to eat their lunch in other suitable areas in order to alleviate dining space e.g. classrooms
 - Ensuring lunches are pre-ordered allowing children to have their first choice of menu item and to maximise the speed of service
 - Deciding to opt for a two choice menu instead of the current three
 - Cold meal option trial at College Park Infant School
 - Trialling the service where items such as baked bread and fresh fruit are placed on the tables to support the speed of service at the counters.
- 5.5 The majority of schools have confirmed that they will be able to accommodate all children who want a school meal. However, there are a few schools where there were concerns about the space and ability to provide a school meal within the lunch period and the potential impact this will have in terms of the delivery of the curriculum. This included:

- **Court Lane Infant School** (4 form entry)- the school will be one of three schools involved in the trial in early July to test out the new arrangements.
- **Solent Infant School** (3 form entry) - modifications are taking place to the music room to open up another area for dining. The school will be one of three schools involved in the trial in early July to test out the new arrangements.
- **Devonshire Infant School** (2 form entry) - the school is considering renting temporary accommodation to ease the pressure on the existing dining space. The school has limited options and cannot extend the lunch hour due to the fact they share the playground with Fernhurst Junior School and have to co-ordinate with the Junior School play times.
- **Portsdown Primary School (2 form entry)** - the school will be opening up another hall space but is having to change the flooring to a more suitable material that can cope with school meal spillages

- 5.6 Equipment requirements** - a detailed analysis of the additional equipment that will be required has been undertaken. This takes into account 'light' equipment (cutlery, cups, plates, meal trays, utensils, cooking equipment, dining tables and chairs) and 'heavy' equipment (ovens, fridges, freezers, hot cupboards, dishwashers, etc). The total cost for the 'light' equipment is £45,566 (includes tables and chairs) and the total for 'heavy' equipment is included in the figure below for upgrades and installation.
- 5.7 Capacity of kitchens and serveries** - the current arrangements are not sufficient to meet the additional demand. Churches were commissioned to survey all kitchens and serveries affected by UIFSM to assess the capacity and suitability and what upgrades would be needed to cope with the new equipment e.g. utilities, canopies (extraction systems). This work has now been completed. The total cost for the upgrades (including the installation and cost of the heavy equipment) is £372,696.
- 5.8 Transport** - an analysis of the transport requirements has been undertaken by ISS and PCC's Dispatch Services. The transport routes between schools with production kitchens and schools with serveries have been revised and three more vans have been ordered to cope with the increased volume of meals at a total cost of £58,535. In addition, thermal boxes and fixed handled trolleys have also been ordered at a total cost of £28,846.
- 5.9 Staffing** - to meet the increased demand additional staff (43 staff will need to be recruited for the kitchens plus an additional business support manager). These costs will be met through the increased revenue the service provider will receive from the increase in school meals. Schools will also have to consider if the current levels of supervision will be sufficient to cope with the additional numbers of children having school meals. These costs will be met by the schools through the revenue allocation.

Table 1: breakdown of capital costs

| Items | Cost |
|---|-----------------------------------|
| Kitchen Light Equipment (plates, cutlery, bowls, pots, pans, clearing trolleys, etc) | £31,394 |
| Dining Room Furniture (clearing trolleys, tables and chairs) | £14,172 |
| Upgrades to kitchen (e.g. utilities, extraction systems) and installation of 'heavy equipment' | £372,696 |
| Survey of kitchen and serveries - Churches | £12,250 |
| Transport - thermal boxes (200) and fixed handle trolleys (28) | £28,846 |
| Transport - purchase of three multi use purpose vans | £58,535 |
| Modifications to schools to create extra dining space: <ul style="list-style-type: none"> • Solent Infant School (use of music room and replacement of flooring) • Portsdown Primary School (use of another hall and replacement of flooring) • Devonshire Infant School (rental of temporary accommodation) | £4,771 £3,000 £15,000 |
| Modifications to ramps/access | tbc |
| Cost of providing cold meal option | tbc |
| Newsletter/FSM forms design and printing | £504 |
| Total | £541,168 plus items tbc |

5.10 A **working group** has been established since January 2014 involving representatives from PCC, ISS and three Headteachers and three governors from local schools (Gatcombe Park Primary, Court Lane Infant and College Park Infant). This group is responsible for overseeing the implementation of UIFSM.

5.11 A regular newsletter is being issued to schools to keep them informed of developments. Issues 1 and 2 are attached at Appendices 2a and 2b.

6. Timescales and trial

6.1 There are significant logistical issues in preparing for the implementation of free school meals for infant aged children from September 2014. For this reason it was recommended that a trial be considered w/c 30 June 2014

- 6.2 Originally it was hoped that the trial week could involve all Primary and Infant Schools. However, due to the challenges of completing all of the kitchen upgrades and installation of equipment, this has not be possible. An alternative and more limited trial is now being proposed which will focus on those schools where there are logistical challenges due to numbers and / or space. Details of the trial have been confirmed and will involve Solent Infant, Court Lane Infant and Southsea Infant Schools on 2nd, 3rd and 4th July 2014. Funding for these trials will be met by ISS (1 day) and PCC (2 days - to be paid through the pay back mechanism the Council has with ISS as part of the school meals catering contract). Northern Parade Infant School (which is not part of the ISS contract) has also confirmed that it will be running a trial on the same days, to be funded by the school.
- 6.3 The trial will allow ISS and the Council to test out the new arrangements in terms of the capacity of the kitchens and serveries, new transport routes, testing of new equipment and training of staff.
- 6.4 The timescales for having everything ready for September 2014 are very challenging. ISS intend to recruit staff (at their own risk) before the summer in order to carry out the necessary induction and training.
- 6.5 Despite the above and the challenges all partners have had to overcome, the Council is confident that everything will be in place for September 2014. A project plan is in place (refer to [Appendix 3](#)) and progress against the key milestones are monitored regularly by the working group.

7. Funding - capital and revenue

Capital funding

- 7.1 The Autumn Statement on 5th December 2013 included an announcement of the capital and revenue funding available nationally to cover this initiative
- 7.2 Details of the capital allocation were announced on 18 December 2013. The total universal infant free school meals capital budget is split across various sectors using pupil numbers from the January 2013 census.
- 7.3 The total allocation for Portsmouth (for LA maintained schools) is £488,985. Academies will have to bid in to the Academies Capital Maintenance Fund (ACMF) for any additional funding they require to support kitchen upgrades and new equipment.
- 7.4 The total estimated capital costs in order to implement UIFSM in Portsmouth is estimated to be £541,168 plus value of items that have yet to be confirmed (refer to Table 1). Additional costs over and above the allocation to Portsmouth will be met through the payback element of the catering contract with ISS.

Revenue funding

- 7.4 Details of the revenue funding for schools have recently been announced. A flat rate of £2.30 has been agreed which will cover the cost of the meal (in Portsmouth this will remain at £2.00 for 2014/15) and any additional costs the school will incur (e.g. supervision). The initial allocation to schools will be based on 87% uptake. This will be revised later in the year based on actual take up. A briefing note on revenue funding is attached at [Appendix 4](#).
- 7.5 The Council previously circulated a spreadsheet to schools which illustrated the estimated income primary and infant schools can expect to receive as a result of UIFSM and the flat rate of £2.30 per pupil per meal, and potential surplus this will generate taking into account the cost of the meal at £2.00. The Council also provided an estimated figure for the potential additional funding (less costs) per pupil in Years R, 1 and 2. Helpfully, the DfE has now published the Universal Infant Free School Meals (UIFSM) Conditions of Grant and calculator at:
<https://www.gov.uk/government/publications/universal-infant-free-school-meals-conditions-of-grant>
- 7.6 Provisional main allocations and small schools allocations will be published during June 2014. The second payment of this grant will be made in the 2015/16 financial year
- 7.7 The Council has also had to increase the costs to schools in terms of the traded services offer. Following discussions with school representatives from the UIFSM Working Group the Council has confirmed the variation and an increase of £9 per pupil in order to cover additional costs associated with Universal Infant Free School Meals. It is important to note the following:
- The increase only applies to Year R, 1 and 2 pupils
 - It is a flat rate increase across all primary and infant schools in the school meals catering contract
 - The increase seeks to recover the additional ongoing revenue costs to the Council in terms of: kitchen equipment maintenance, servicing and replacement; transport costs; food testing; and contract management
 - The costs will be reviewed during the course of the year and whilst the additional cost per pupil may come down if the UIFSM uptake is not as great as expected, the Council has confirmed that the £9 additional cost per pupil will not be increased any further for the duration of the existing contract with ISS

Impact on pupil premium funding

- 7.8 The introduction of UIFSM presents a risk to schools in terms of a reduction in the level of pupil premium a school might receive as parents / guardians of children in Year R, 1 and 2 will no longer have any incentive to register for free school meals. To combat this risk the Council issued to all primary and infant schools (and Mayfield School and Mary Rose Academy) a letter and form to be distributed to schools to help assess the likely uptake of free school meals, check on whether a special diet was required, but most

importantly allow the Council to check for FSM eligibility and therefore claim for pupil premium funding. Schools are returning these forms to the Council in batches which the Free Schools Meals Checking Service is administering.

7.9 A copy of the letter and form is attached at Appendix 5

8. Contract re-negotiations with ISS

8.1 The Council is currently in advanced contract re-negotiation discussions with ISS. This has been triggered by the significant increase in the volume of school meals that ISS will be delivering from September 2014 as a result of UIFSM. The expectation is that it will result in:

- a considerable increase in the amount of funding the Council will receive through the payback mechanism (currently 5p for every school meal), all of which is used to re-invest in the service (e.g. kitchen upgrades) on behalf of schools and academies who are in the contract
- the price of school meals being held at £2.00 until August 2016, rising to 2.05 for a further three years. This will represent very good value and some of the lowest prices in the country.

8.2 Following the conclusion of those discussions a paper will be brought back to Schools Forum to provide confirmation of any future price rises in school meals

9. Head of Legal Services' comments

9.1 Legal comments are incorporated in the body of the report. Issues arising from the renegotiation of the ISS contracts cannot be dealt with until the precise terms of the variation are known

10. Head of Finance comments

10.1 The majority of finance comments are incorporated in to the main body of the report.

10.2 As explained within the report, the new responsibilities in respect of free school meals for reception, Yr1 and Yr2 pupils rest with the schools and the governing bodies. The Education Funding Agency is providing additional funding for schools and Academies through the Universal Infant Free School Meal Grant to meet these responsibilities.

10.3 The Education Funding Agency has now issued the conditions of grant relating to the Universal Infant Free School Meals and an updated funding briefing note (Appendix 4) has been prepared for schools setting out:

- the funding arrangements
- payment arrangements
- clarification of the arrangements regarding amalgamating and closing schools and academy conversions.

- 10.4 The initial funding allocation is expected to be received by the Council in June 2014. This funding will be passed to the individual maintained schools as soon as possible after the receipt of the funding and the individual school level allocation data. Academy Schools will receive their funding directly from the Education Funding Agency.
- 10.5 The final allocation for the 2014-15 academic year will be calculated and allocated to schools in Spring 2015. The calculation will be based on October 2014 and January 2015 census data. Where the final allocation is calculated to be less than the initial allocation in June 2014, any funding will be deducted from the grant allocation for the 2015 to 2016 academic year.

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Signed by:

Appendices

| | |
|-------------|--|
| Appendix 1 | Potential take-up of infant school meals in Portsmouth |
| Appendix 2a | UIFSM Newsletter Issue 1 |
| Appendix 2b | UIFSM Newsletter Issue 2 |
| Appendix 3 | UIFSM Project Plan |
| Appendix 4 | Briefing note on revenue funding |
| Appendix 5 | Letter and form sent to parents / guardians |

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 |
|---|---|
| Education Funding Agency: Universal Infant Free School Meals: Conditions of Grant | https://www.gov.uk/government/publications/universal-infant-free-school-meals-conditions-of-grant |
| | |
| | |

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

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Appendix 1: potential take up on infant school meals

| Schools | Roll Number for September | Number of Children up to year 2 | Average Take up % | Average Take up | Possible Take up (Based on 80% of eligible role) | Possible Additional Take Up on Meal | Production Kitchen's Extra Meals Requirement | Facility Issues | Additional Equipment Requirements |
|--|---------------------------|---------------------------------|-------------------|-----------------|--|-------------------------------------|--|---|---|
| Arundel Court Infant School | 222 | 222 | 40% | 89 | 178 | 89 | Presently from Arundel Juniors (89 extra meals) | Need to extend lunch time service. Additional oven / kitchen space | General concerns |
| Charles Dickens Infant School | 171 | 171 | 45% | 77 | 137 | 60 | Presently from Charles Dickens Juniors (157 extra meals) | Need to extend lunch time service. Additional oven / kitchen space | General concerns |
| Cliffdale Primary School | 98 | 56 | 70% | 39 | 45 | 6 | 222 | No issues, however they will not be able to provide to College Park | General concerns |
| College Park Infant School | 360 | 360 | 20% | 72 | 288 | 216 | Presently From Cliffdale (222 extra meals) | Will need support from another production kitchen. Additional hot storage areas and additional service time | General concerns |
| Copnor Infants School | 270 | 270 | 26% | 70 | 216 | 146 | Presently from Copnor Juniors (277 extra meals) | Need additional kitchen facilities, two sittings | General concerns |
| Corpus Christi Primary School | 312 | 133 | 26% | 35 | 106 | 72 | Presently from Gatcombe Park (115 extra meals) | Two sittings, need additional hot holding cupboards | General concerns |
| Cottage Grove Primary School | 318 | 160 | 42% | 67 | 128 | 61 | 132 | More oven space required / steamer | General concerns |
| Court Lane Infant School | 361 | 361 | 23% | 83 | 289 | 206 | Presently from Court Lane Juniors (206 extra meals) | Won't actively run promotions as can't seat additional children within the present arrangements | Numbers will dictate it's own kitchen |
| Cumberland Infant School | 169 | 169 | 33% | 56 | 135 | 79 | Presently from St Swithuns (148 extra meals) | Two sittings, need additional hot holding cupboards | General concerns |
| Devonshire Infant School | 178 | 178 | 30% | 53 | 142 | 89 | Presently from Somers (121 extra meals) | Two sittings, need additional hot holding cupboards | General concerns |
| Flying Bull Primary School | 404 | 180 | 40% | 72 | 144 | 72 | 197 | More oven space required / steamer | General concerns |
| Gatcombe Park Primary School | 203 | 89 | 32% | 28 | 71 | 43 | 115 | More oven space required / steamer | General concerns |
| Goldsmith Infant School | 179 | 179 | 55% | 98 | 143 | 45 | 169 | Kitchen space will be an issue | General concerns |
| Highbury Primary School | 270 | 142 | 30% | 43 | 114 | 71 | Standalone site | No issues | General concerns |
| Langstone Infant School | 291 | 291 | 35% | 102 | 233 | 131 | Presently from Copnor Juniors (277 extra meals) | two (? Three) sittings, need additional hot holding cupboard | General concerns |
| Manor Infant School | 268 | 268 | 40% | 107 | 214 | 107 | Standalone site | More oven space required / steamer, light equipment. | General concerns |
| Mary Rose Special School | 126 | 31 | 68% | 21 | 25 | 4 | Standalone site | No Issues | General concerns - although limited within this School |
| Medina Primary School | 204 | 90 | 26% | 23 | 72 | 49 | Presently from Paulsgrove (226 extra meals) | Issue with seating in the dining hall | General concerns |
| Meon Infant School | 180 | 180 | 20% | 36 | 144 | 108 | Presently from Moorings Way (146 extra meals) | Two sittings, need additional hot holding cupboards serving area | General concerns |
| Meredith Infant School | 249 | 249 | 30% | 75 | 199 | 125 | Presently from Flying Bull (197 extra meals) | Two sittings, need additional hot holding cupboards serving area | General concerns |
| Moorings Way Infant School | 125 | 125 | 50% | 63 | 100 | 38 | 146 | No issues | General concerns |
| Beacon View (formerly known as Paulsgrove) | 265 | 123 | 45% | 55 | 98 | 43 | 226 | Limited issue with space, main issue will be timings | General concerns |
| Penhale Infant School | 216 | 216 | 36% | 78 | 173 | 95 | Standalone site | More oven space required / steamer | General concerns |
| Portsmouth Primary School | 281 | 153 | 40% | 61 | 122 | 61 | Standalone site | More oven space required / steamer | General concerns |
| Solent Infant School | 269 | 269 | 30% | 81 | 215 | 135 | Presently from Paulsgrove (226 extra meals) | School doesn't think there will be a great take up. However they feel as though they will lose 5 hours of hall time (2 hours lunch time 2 sittings) | Looking at a self contained Kitchen. Need an additional hot storage cupboard. |
| Ark Ayrton Academy (formerly known as Somers Park) | 278 | 128 | 55% | 70 | 102 | 32 | 121 | Additional oven required to cope with outs | General concerns |
| Southsea Infant School | 179 | 179 | 40% | 72 | 143 | 72 | Presently From Cottage Grove (133 extra meals) | Extend servery counter / hatchway to accommodate a large counter | General concerns |
| St George's Beneficial Primary | 230 | 129 | 45% | 58 | 103 | 45 | Standalone site | No issues | General concerns |
| St Johns RC (A) Primary School | 209 | 90 | 35% | 32 | 72 | 41 | Standalone site | No issues | General concerns |
| St Jude's C of E Primary School | 382 | 170 | 35% | 60 | 136 | 77 | Standalone site | Additional oven required / space | General concerns |
| St Paul's Catholic Primary School | 396 | 176 | 35% | 62 | 141 | 79 | Standalone site | Two sittings / service points, need additional hot holding cupboards serving area | General concerns |
| St Swithun's Catholic Primary School | 311 | 137 | 30% | 41 | 110 | 69 | 148 | Remove one of their outs | General concerns |
| Stamshaw Infant School | 261 | 261 | 35% | 91 | 209 | 117 | Presently from Stamshaw Juniors (117 extra meals) | Two sittings / service points, need additional hot holding cupboards serving area | General concerns |
| The Victory Primary School | 393 | 168 | 35% | 59 | 134 | 76 | Standalone site | Additional equipment | General concerns |
| Westover Primary School | 331 | 151 | 16% | 24 | 121 | 97 | Presently from Charles Dickens Juniors (157 extra meals) | Two sittings, need additional hot holding cupboards serving area | General concerns |
| Wimborne Infant School | 200 | 200 | 18% | 36 | 160 | 124 | Presently from Goldsmith (169 extra meals) | Two sittings / service points, need additional hot holding cupboards serving area | General concerns |
| Milton Park | 180 | 180 | 30% | 54 | 144 | 90 | Standalone site | | |
| Totals | 9339 | 6634 | | 2242 | 5307 | 3065 | | | |

| |
|------------------|
| |
| Production Sites |
| Stand Alone |
| Servery |

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Universal Infant Free School Meals (UIFSM)

Portsmouth - Issue ~1



Welcome

To keep you up-to-date with the implementation of Universal Infant Free School Meals in Portsmouth from September 2014, the Council, in association with ISS Education, is pleased to publish the first of several newsletters that will go out to Primary and Infant Schools between now and September in order to keep you informed of the latest developments.



As you may be aware a working group has been established to oversee the implementation. The Council has welcomed the participation of local schools with representation from Gatcombe Park Primary, Court Lane Infant and College Park Infant Schools. The Headteacher and a Governor from each of these three schools is represented on the working group, working alongside colleagues from the Council and ISS.

The Council appreciates the support so far of all schools to implement the initiative. It is undoubtedly a major challenge given the limited time available to prepare for September and the significant increase in school meal numbers that is likely to result from offering infants a free school meal. The Council and ISS will be doing everything we can to support schools to ensure everything is ready for September.

Please note the city wide trial that had been proposed w/c 30th June will not be going ahead due to the logistics of completing all the kitchen upgrades and installation of equipment in time. Instead, a limited trial is being considered by the working group involving schools that would benefit most from a test of the new arrangements.

If you have any questions relating to the content of this newsletter or would like further information please can you contact Christine Matchett: email **christine.matchett@portsmouthcc.gov.uk** or telephone **023 9268 8663**.

Mike Stoneman
Strategic Commissioning
Manager Service: Education



Background

From September 2014 all children in reception, year 1 and year 2 in state-funded schools in England will be entitled to free school meals. The government made this decision after a recommendation in the School Food Plan.

This is now a legal requirement following an amendment to the Children and Families Bill, to place a legal duty on primary schools to offer free meals to all pupils in reception, year 1 and year 2 from this September. The legislation also includes a power to extend the policy to additional year groups in future. Existing entitlements to free school meals for disadvantaged pupils in nursery classes and at key stages 2-4 will continue as now.

What's been happening in Portsmouth?

The Council has been working closely with ISS and primary and infant schools to ascertain what arrangements would need to be put in place and the associated investment that would be required in order to support such an increase in school meals. The analysis has taken into account several key factors including:

- **Space requirements in terms of seating areas**
- **Equipment requirements - 'heavy' (e.g. ovens, fridges, freezers, hot cupboards) and 'light' (e.g. cutlery, bowls, trays)**
- **Capacity of kitchens and serveries**
- **Transport of school meals between production kitchens and schools with serveries**
- **ISS staffing arrangements**

Space requirements

The analysis of the space requirements in terms of seating areas needed by schools is still on-going. ISS has been in discussion with schools about the logistics of seating so many infant children during the lunch hour. This has included:

- Extension of the lunch period and extra sittings in order to accommodate children

- Children who have packed lunches to eat their lunch in other suitable areas e.g. classrooms, to alleviate dining space
- Trialling the service where items such as the freshly baked bread and fresh fruit are placed on the tables to support the speed of service at the counters
- Ensuring lunches are pre-ordered allowing children to have their first choice of menu item and to maximise the speed of service
- Deciding to opt for a two choice menu.

Equipment requirements

A detailed analysis of the additional equipment that will be required has been undertaken. This takes into account: cutlery, cups, plates, meal trays, utensils, cooking equipment, ovens, fridges, freezers, hot cupboards, dishwashers, dining tables and chairs, etc. The Council recently commissioned Churches to undertake a survey of all kitchens and serveries to determine whether they needed an upgrade (e.g. utilities, kitchen canopies, etc) to accommodate the new equipment. The survey has now been completed.

Transport

An analysis of the transport requirements has been undertaken

by ISS and PCC's Dispatch Services which has included a review of the transport routes that are currently in place. The purchase of three additional vans has been confirmed.

Staffing

To meet the increased demand additional staff (an estimated 40 staff will need to be recruited for the kitchens plus an additional business support manager).

All team members will be fully briefed on the changes agreed with their school and new team members will be in place for September. To support this change, ISS in partnership with the School Food Plan are providing training for all Catering Managers, Kitchen Managers and Cooks on the vital information about the school food plan and free school meal initiative, and ways in which these can be effectively delivered over the forthcoming months and of course into September. The additional ISS labour costs will be met through the increased revenue ISS will receive from the increase in school meals.

Schools will also have to consider if the current levels of supervision will be sufficient to cope with the additional numbers of children having school meals.

Upgrades to kitchens and installation of heavy equipment



The final specification for the upgrade and the equipment needed has been completed. A summary sheet is attached to this newsletter which provides an update for each school in terms of proposed lunch time sittings, transport arrangements and the equipment and kitchen/serverly upgrades. The majority of these works will be done over the summer holidays but some will be done during the May half term where appropriate.

Please could you inform Christine Matchett of any works (no matter how minor) that you have arranged to take place during the May half term or summer holidays. We need this information so we can consider any safety concerns that may arise due to having different contractors on site; also the kitchen works may necessitate some interruptions to electrical power, so we may need to co-ordinate the timing of works.

Special diets, school meal uptake and pupil premium

In preparation to potentially serve 80-90% of our Year Reception, Year 1 and Year 2 children from September, the Council and ISS is requesting your support in distributing a letter and form to parents / guardians in order to express a preference for a school lunch from September 2014, identify any special dietary

requirements and also to collect data required to enable your school to claim/receive the correct level of Pupil Premium (£1300 per pupil 2014/15). Sufficient letters for your current reception pupils (Y1 Sept 2014), your current Year 1 pupils (Y2 Sept 2014) and your new reception intake (YR Sept 2014) will be sent to each school separately to distribute.



For special diets it will be important to get as many special diets authorised and with their own bespoke menu sheet prior to the September start. This will prevent any disappointed children not being able to have a school meal from September 2014.

National support service provided by the Children's Food Trust

In addition to the revenue and capital funding made available by the government, the Department for Education has provided funding for a **support service**, including a national advice line, to help infant and primary schools get ready to provide free school lunches to all infant pupils.

The advice services is available to all schools, Local Authorities, academy trusts and caterers who are directly involved in providing universal infant free school meals. The advice service includes on-line information, a forum and a telephone helpline for schools

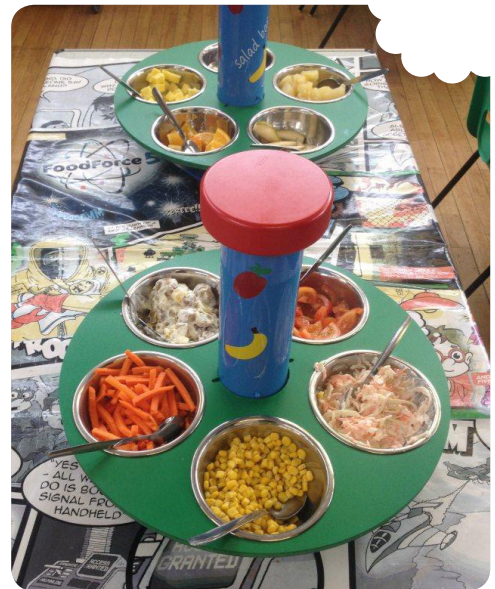
and caterers to receive up-to-date details of the policy, advice on practical issues and find out where to access further support.

Those schools facing the greatest challenges in delivering UIFSM, may be eligible for direct support such as a face to face visit from a school food expert, partnering up with 'What Works Well' school or on-going telephone advice. All the support is adapted to tackle the particular challenges of each school, giving a personal service.

Email info@childrensfoodtrust.org.uk or call 0114 259 6901.

A number of free roadshows have been scheduled by the Lead Association for Caterers in Education and the Children's Food Trust. They are designed to offer advice and support from a variety of speakers to schools regarding the delivery of Universal Infant Free School Meals.

For more information visit: www.uifsm-roadshows.co.uk or call 01244 399900.



Universal Infant Free School Meals

Finance Briefing Note

PCC Finance has distributed to schools a briefing note about the revenue finance, a summary of which is given below:

- To be funded at £2.30 for each meal taken (newly eligible pupils only)
- Initial funding provision will be based on an estimate of take up. DfE will assume 87% take up for newly eligible pupils - these pupils will take 190 meals in the academic school year.
- Example for 1st 2 terms:
 1. 300 pupils eligible for free school meals (all pupils in Year R/1/2)
 2. 100 currently in receipt of free school meals
 3. 200 newly eligible x 87% = 174 eligible pupils
 4. 174 x £2.30 x 130 meals = provisional funding allocation of £52,026
- **14/15 only** - Small schools (less than 150 pupils) receive transitional funding. In Portsmouth this will only apply to Moorings Way Infant School.
- Schools will continue to fund meals for pupils currently eligible under current procedures, in the same way as they do now.
- There will be a new indicator on the school census return from October 14 to enable schools to indicate how many newly eligible infants they have.
- June 2014 - Schools to be notified of the provisional funding value. This will be based on the pupil data from January 14 census.
- A payment will be allocated in June for the first 2 terms, ie Autumn and Spring terms.
- The provisional allocation will be revised later in April 2015, based on actual take up data derived from the average of the October 14 and January 15 census. The payment for the 3rd term will be adjusted based on the data from these 2 census dates. The adjustment calculation is as below:

The total of this calculation will then be compared to the provisional allocation for the 1st 2 terms.

- If the take up is higher, this will be adjusted upwards or downwards if lower. This payment will be made in April 15.
- We are awaiting advice re closing schools and academy conversions, as well as the year end accounting adjustments
- Pupil Premium Funding based on January 2014 census, schools still need to know if a family receives benefits to qualify for £1,300 payment per pupil.

For further information please contact Trish Barfield: email **trish.barfield@portsmouthcc.gov.uk** or tel **023 9284 1225**

October 2014 census + January 15 census

x130 meals x £2.30 = Value

Universal Infant Free School Meals (UIFSM)

Portsmouth - Issue ~2



Welcome

Welcome to the 2nd edition of the Portsmouth UIFSM newsletter which is aimed to keep schools / academies and key partners up-to-date with the implementation of Universal Infant Free School Meals in Portsmouth from September 2014.

If you have any questions relating to the content of this newsletter or would like further information please can you contact Christine Matchett: email christine.matchett@portsmouthcc.gov.uk; tel **023 9268 8663**.

Mike Stoneman
Strategic Commissioning
Manager - Education

Background

From September 2014 all children in reception, year 1 and year 2 in state-funded schools in England will receive free school meals. The government made this decision after a recommendation in the School Food Plan.

This is now a legal requirement following an amendment to the Children and Families Bill, to place

a legal duty on primary schools to offer free meals to all pupils in reception, year 1 and year 2 from this September. The legislation also includes a power to extend the policy to additional year groups in future. Existing entitlements to free school meals for disadvantaged pupils in nursery classes and at key stages 2-4 will continue as now.

Trial sites

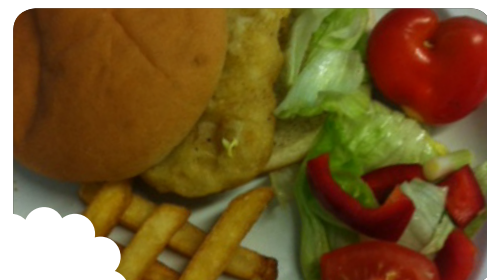
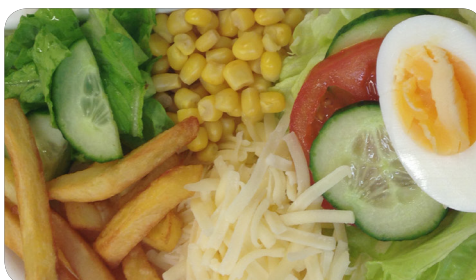
As reported in the last issue of this newsletter, the proposed city wide trial in early July has considerably been scaled down due to the logistical problems of having everything ready on time. However, it has been agreed that a limited trial will go ahead in order to test out some of the new arrangements and to gain invaluable knowledge and lessons learned which could be applied to other schools in advance of the September launch.

The three trial sites have been confirmed for:

- **Court Lane Infant School**
- **Solent Infant School**
- **Southsea Infant School**

The dates for the trial will be on **2nd, 3rd and 4th July**.

Details of the trial, how it worked and lessons learned will be given in the next issue of this newsletter.



The Countdown is on!

ISS working with schools to meet the challenge of serving so many

With less than 7 school term weeks left until the universal free school meal challenge hits Portsmouth, we are working with schools to 'tweak' plans on how the increased number of children dining with us can be accommodated. We will obviously know more after the limited trial, however there are many initiatives which we are working on to ease the pressure!

One big support is where schools such as Manor Infant School and Meredith Infant School (amongst others) have been able to adjust their school day and extend their lunch time to allow the reception children to start lunch a little earlier and to ease dining room congestion.

Additional service points have been essential at schools such as Solent Infant School, where a small adjustment to a music room means a room can become an additional dining space over lunchtime, minimising queues and maximising seating space!

Another great initiative is the lunch of the 'Pre- order' / band system, ensuring all children have their first choice of meal whilst also speeding up the service at counter! One good example of this is Medina Primary School who decided to introduce this system prior to September to settle the children and the parents into the new system before the September deadline. Other Schools are set to change in September, including Court Lane Infant and Southsea Infant Schools.

Another way to simplify and speed service is to change to a two choice menu; Arundel Court and Medina Primary Schools have successfully transferred to the simpler menu (which is still nutritionally compliant) and are already seeing the benefits.

We are also talking to a couple of schools about the feasibility of putting the bread and salad bowls on the children's tables to speed up service and enhance the overall experience for the children and

we look forward to reviewing the success of this initiative in due course.

Many schools are also planning to allow pack-lunch children to eat in their classrooms to maximise space in the dining rooms for children wishing to have the hot meals.

The ISS teams look forward to working with each of the Schools to ensure that we offer your children the best service possible in line with each School's individual requirements. Please do not hesitate to contact us should you wish to discuss any new ideas which we haven't already thought of!



ISS opportunities and recruitment



With the projected increase in pupils choosing a school meal in Portsmouth from September we have now had the opportunity to increase the ISS team in order to meet the new challenges ahead.



To start the recruitment process we have shared the list of new positions / additional hours with the teams to give everyone the opportunity to increase their roles and responsibilities.

Internal interviews will be taking place next week, once completed; we will then fill the 'gaps' from the portfolio of external candidates which we are now collating.

Full inductions, DBS checks and where possible trial weeks will be completed prior to the new term.

We are confident that all posts will be successfully filled for September.

Upgrades to kitchens and installation of heavy equipment

Churches were recently commissioned by the Council to undertake surveys of all kitchens and serveries to assess readiness for September 2014, the additional equipment that was required and whether this necessitated an upgrade to the kitchen / sery (e.g. extend canopies / extractions systems, enhance utilities, etc). All of this work has been completed and Churches are now working with schools to install all of the heavy equipment and complete the upgrades in time for the September launch.

Key highlights to report:

- The three trial sites and associated production kitchens are on track to be completed ahead of the trial dates of 2nd, 3rd and 4th July 2014.
- Moffatt are due to deliver Mobile hot cupboards and Bain Maries shortly;

- Dishwashers and refrigeration items are on order, and will also be delivered within the next few days.
- Mixer's procurement is proceeding; a trial item has been ordered, the rest will follow soon after.
- Combi ovens have been ordered and we are now awaiting delivery information.
- Canopy manufactures and Churches are going to sites over the next two weeks for final measurements to be taken.
- Minor gas pipe works etc. and minor electrical works to interlocks to be started this week.

If you have not done so already, please could you inform Christine Matchett of any works (no matter how minor) that you have arranged to take place

during the summer holidays. We need this information so we can consider any safety concerns that may arise due to having different contractors on site; also the kitchen works may necessitate some interruptions to electrical power, so we may need to co-ordinate the timing of works.

Please note that installation dates will be provide to each school well in advance. If you are unable to provide access on these dates through your key holders, then the Council will nominate a key holder on your behalf. For LA maintained schools the Council's insurance will cover this. For Academies an agreement will need to be reached about arranging access if the key holders are not able to provide access on the dates specified.



Special diets

In preparation to potentially serve 80-90% of our Year Reception, Year 1 and Year 2 children from September, ISS is requesting your support in sending out special diet forms to parents in order to get as many special diets authorised and with their own bespoke menu sheet prior to the September start. This will prevent any disappointed children not being able to have a school meal from September 2014.

Schools should now have a lot of information about which children will need special diets following the distribution of the forms to parents before half term. Any parents /

guardians that ticked 'yes' to needing a special diet should have been sent a special dietary request form that is provided by ISS. If you need more copies of ISS's special dietary request form please contact Paul Brier, office manager on 02392 658219 or paul.brier@uk.issworld.com.



Ordering of light equipment

The ordering of the light equipment (cutlery, trays, water jugs, etc) has now been completed and delivered. ISS is currently storing the equipment and will be distributing it to schools over the next few weeks, prioritising those schools involved in the limited trial.

News from dispatch services

The Council's dispatch team are gearing up for September. Two new vehicles have arrived to enhance the fleet of vehicles the Council's uses to deliver school meals from production kitchens to schools with serveries.



The team has been working closely with ISS to agree transport routes and timings from September. This work has now largely been completed.

New thermal boxes and trolleys have also been ordered to cope with the increase in school meals that is expected to be transported between schools.



National support service

provided by the Children's Food Trust

In addition to the revenue and capital funding made available by the government, the Department for Education has provided funding for a support service, including a national advice line, to help infant and primary schools get ready to provide free school lunches to all infant pupils.

The advice service is available to all schools, Local Authorities, academy trusts and caterers who are directly involved in providing universal infant free school meals. The advice service includes on-line information, a forum and a telephone helpline for schools

and caterers to receive up-to-date details of the policy, advice on practical issues and find out where to access further support.

Those schools facing the greatest challenges in delivering UIFSM, may be eligible for direct support such as a face to face visit from a school food expert, partnering up with 'What Works Well' school or on-going telephone advice. All the support is adapted to tackle the particular challenges of each school, giving a personal service.

Email info@childrensfoodtrust.org.uk or call 0114 299 6901.

Finance update

Further to the finance briefing note that was sent out in Issue 1 of this newsletter, the Universal Infant Free School Meals (UIFSM) Conditions of Grant and calculator have now been published at:

<https://www.gov.uk/government/publications/universal-infant-free-school-meals-conditions-of-grant>

The DfE will be publishing provisional main allocations and small schools allocations in June 2014. The second payment of this grant will be made in the 2015 to 2016 financial year.

Further to the communication that went out to schools on 22 May 2014 regarding the traded services agreement and following a meeting with school representatives from the UIFSM Working Group it has been confirmed that the variation and increase to the Council's catering support traded services offer will be £9 per pupil, in order to cover additional costs associated with Universal Infant Free School Meals. Please note the following:

- The increase only applies to Year R, 1 and 2 pupils
- It is a flat rate increase across all

primary and infant schools in the school meals catering contract

- The increase seeks to recover the additional ongoing revenue costs to the Council in terms of: kitchen equipment maintenance, servicing and replacement; transport costs; food testing; and contract management
- The costs will be reviewed during the course of the year and whilst the additional cost per pupil may come down if the UIFSM uptake is not as great as expected, the £9 additional cost per pupil will not be increased any further for the duration of the contract
- These costs are separate to the one off capital grant the Council received which has covered the purchase of new equipment (light and heavy equipment), upgrades to kitchens and serveries, some minor capital works to dining centres; and the purchase of two new vans to transport school meals

For further information please contact your respective Schools Finance Officer or email cflfinance@portsmouthcc.gov.uk

Appendix 3 Universal Free School Meals Initiative Portsmouth
High level Project Plan Version 10

| % completed | Task Name | Timescale | Lead | RAG Rating |
|-------------|--|--------------|--------------|------------|
| | Working Group (Mike Stoneman) | | | |
| 100% | Establish USFMI Working Group with representation from schools - HTs and Governors (Gatcombe Park Primary, College Park infant and Court Lane Infant) | Mar-14 | MS | Green |
| | Capital Funding (Mike Stoneman) | | | |
| 100% | Approval to spend up to DfE allocation agreed in April 2014. Any additional costs will have to be met by any underspend in other Education capital projects. | Apr-14 | MS | Green |
| 100% | Seek confirmation from RC Diocese to use £46k for capital costs and invoice accordingly | Apr-14 | CW / MSm | Green |
| 75% | Check with Academies about potential contributions through ACMF | Apr-14 | CW | Green |
| | Revenue funding (Alison Egerton) | | | |
| 100% | Undertake some modelling to see what sort of revenue schools can expect to gain (taking into account the fact that price of a school meal will be held at £2 and the rate per pupil per school meal will be £2.30) | Apr-14 | AE | Green |
| 100% | Revise the SLA for Primary and Infant Schools to take into account the additional costs associated with the school meals contract e.g. transport, maintenance, food testing, contract management, etc. | May-14 | SW / AE | Green |
| | Survey of Kitchens (Steve Ashby) | | | |
| 100% | Commission Churches to survey all kitchens / serveries to determine final upgrade costs and installation of heavy equipment | Mar-14 | SA | Green |
| 100% | Completion of survey reports by Churches | Apr-14 | SA | Green |
| | Procurement and installation of heavy equipment including associated kitchen upgrades (Steve Ashby) | | | |
| 100% | Agree detailed specification for heavy equipment | Apr-14 | SA / CM / PH | Green |
| 100% | Procure heavy equipment through Churches and agree discount to 15% fee for Churches (discount of 2.5% agreed) | Apr-14 | CM / LB | Green |
| 30% | Complete implementation of kitchen upgrades and installation of heavy equipment | Aug-14 | SA / CM | Amber |
| 80% | Complete implementation of kitchen upgrades and installation of heavy equipment for the schools involved in the trial week | Jun-14 | SA / CM | Amber |
| | Procurement of light equipment (Christine Matchett / Liz Burford) | | | |
| 100% | Agree detailed specification for light equipment | Apr-14 | CM / AF | Green |
| 100% | Agree any additional dining furniture that is required | Apr-14 | CM | Green |
| 100% | Procure light equipment and store ready for use in September 2014 (and for the limited trial) - agreement reached that this will go through ISS | Apr-14 | CM / LB | Green |
| | Transport (Kaye Macrory) | | | |
| 100% | Agree specification for purchase of additional vans (three) - multi purpose vans | Mar-14 | KM | Green |
| 100% | Procure three vans | Apr-14 | KM | Green |
| 0% | Recruit new drivers x3 | Sep-14 | KM | Amber |
| 90% | Agree final transport routes between production kitchens and schools with serveries | Jun-14 | KM / AF | Green |
| | Modifications to schools to increase space for dining (Christine Matchett) | | | |
| 100% | Solent Infant School - modifications to Music Room | May-14 | CM | Green |
| 75% | Court Lane Infant School (likely to be a trial site) | May-14 | CM | Amber |
| 50% | Portsdown Primary School - modifications to extra dining hall | Jun-14 | CM | Amber |
| 50% | Devonshire Infant School - investigating temporary accommodation option | Jun-14 | CM | Amber |
| | Trial Week (Working Group) | | | |
| 100% | Agree which schools will take part in the trial week w/c 30 June 2014 - agreed with working group that it will now be a very limited trial focusing on those schools with significant logistical issues (confirmed for Court Lane Infant, Solent Infant and Southsea Infant) | Apr-14 | MS / AF | Green |
| 100% | Schools involved in trial week to receive special diet forms ahead of trial | May-14 | AF | Green |
| | ISS Staffing (Alison Fenwick) | | | |
| 25% | Staffing in place ready for trial week (specific schools) and for September 2014; recruitment process to commence after Easter | Jun-14 | AF | Amber |
| | ISS Contract (Greg Povey) | | | |
| 100% | Waiver for variation to existing contract with ISS | Feb-14 | CM | Green |
| 75% | Renotiate contract on the basis of the increased volume of school meals that will result from the USFMI | Jun-14 | GP / MS / JF | Amber |
| | Communications (Julie Dean) | | | |
| 100% | Regular newsletter updating school staff and governors - first issue to be distributed on 23 April | April - July | MS / CM | Green |
| 100% | Articles in Term Times / Flagship | Jan - July | JD | Green |
| 100% | Special Diet Request Form - to be made available to schools before end of term so they can use when visiting parents of Year R Children for Sept 2014 | Apr-14 | AF | Green |
| 100% | Compulsory FSM Registration Form (will include special diet requests and information on likely uptake - will be using best practice from Brighton) | Apr-14 | MS | Green |

- MS

Mike Stoneman
- CW

Chris Williams
- CM

Christine Matchett
- SA

Steve Ashby
- AF

Alison Fenwick, ISS
- PH

Phil Hare
- AE

Alison Egerton
- JD

Julie Dean
- GP

Greg Povey
- KM

Kaye Macrory
- LB

Liz Burford
- MSm

Maria Smith
- SW

Susan Whitehouse
- JF

James Fitzgerald

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Appendix 4: Universal Infant Free School Meals Finance Briefing Note 2014 - 2015

Updated June 2014 with the conditions of grant from the department of education

1. To be funded at £2.30 for each meal taken (newly eligible pupils only)
2. Initial funding provision will be based on an estimate of take up. Department for Education (DfE) will assume 87% take up for newly eligible pupils - these pupils will take 190 meals in the academic school year.

Example:

300 pupils eligible for free school meals (all pupils in Year R/1/2)
100 currently in receipt of free school meals
200 newly eligible x 87% = 174 eligible pupils
174 x £2.30 x 190 meals = provisional funding allocation of £76,038

3. **14/15 only** - Small schools (less than 150 pupils as at the January 2014 census) receive transitional funding. In Portsmouth this will only apply to a few schools. This can be spent as the school chooses.
4. Schools will continue to fund meals for pupils currently eligible for free school meals under current procedures, in the same way as they do now.
5. Each newly eligible pupil in Years R, 1 and 2 as per the January census will receive £380.19 per pupil A payment will be allocated in June equating to 7/12ths of each schools provisional main allocation plus small school allowance (as above).
6. There will be a new indicator on the school census return from October 14, to enable schools to indicate how many newly eligible pupils they have that actually taken up free school meals.
7. The final allocation will be paid later in Spring 2015, based on **actual** meal take up data derived from the average of the October 14 and January 15 census. The payment in the Summer term will be adjusted based on the data from these 2 census dates. The adjustment calculation is as follows:

$$\frac{(\text{Oct 14 census} + \text{Jan 15 census}) - (\text{FSM Oct 14} + \text{FSM Jan 15})}{2} \times 190 \text{ meals} \times £2.30 = \text{Final Allocation}$$

The total Final Allocation will be paid minus the amount of the provisional allocation will paid in the Spring of 2015.

- If the take up is higher, this will be adjusted upwards. This payment will be made in Spring 15.

- If the Final Allocation is lower than the provisional allocation paid in June 14, the adjustment for the balance will be taken from first payment in the universal infant free school meals grant paid for the academic year 2015-16.
8. Pupil Premium Funding is based on January 2014 census and schools still need to know if a family receives benefits to qualify for £1,300 payment per pupil.

Academy conversions and school closures

9. The grant will not be allocated by the Council to academies that were open on or by 1 April 2014. This will be paid by the Education Funding Agency.
10. Portsmouth City Council will allocate the grant to schools that converted to academy status after 1 April 2014.
11. Schools federated during the financial year beginning 1 April 2013 will be allocated the grant as if they were not federated. In the case of a school closing before 1 September 2014, the LA will not allocate the grant to the school.
12. In the case of a school which closes during the period between 1 September 2014 and 31 August 2015 the grant will be allocated for the proportion of the period that the school is open.
13. If a school opens between 1 September 14 and 31 August 2015 and takes in the pupils from 2 or more closing schools, the school will be paid the grant equal to the total which these schools would have received if they had stayed open proportionate to the period of 1 September to 31 March for which the school is open. This will cover any amalgamating schools in the City
14. In the case of schools which have pupils transferring from a closing school during the period 1 September 2014 to 31 August 2015, the City Council will allocate the grant that would have been paid to the closing school had it stayed open.
15. For schools changing to an all through school, they will not receive the initial payment in June 2014, but will receive the full value of the final allocation in Spring 2015.

Further information

Further information can be found at:

Conditions of grant and grant calculator

<https://www.gov.uk/government/publications/universal-infant-free-school-meals-conditions-of-grant>



Portsmouth
CITY COUNCIL



Sign up for universal infant free school meals now!

Dear parent or guardian

This letter is sent to you by Portsmouth City Council on behalf of your child's school. You have received this letter as you have a child who will be in Reception, Year 1 or Year 2 in September 2014. From September, all pupils in these year groups will be able to receive a school meal at no cost to the parent/guardian* as recently announced by the government. School meals in the city are healthy, tasty, social and fun and from September choosing a school lunch for your child/children will help save you up to £400 per year if you take up the offer.

In Portsmouth we anticipate that this will be a popular offer with children and parents/guardians. To help us plan for your child and their school for September, please complete the form overleaf and return it to your school as soon as possible. Please complete one form for each child. **If your child needs a special diet and you want that to be in place for September it is important that you return the form by the end of May to enable the school and ISS (the school meals contractor for Portsmouth) to provide a bespoke menu for your child.**

Quality food, every day...

All schools in Portsmouth have meals freshly prepared every day. We use high quality ingredients which provide the right amount of energy to ensure that children can work better in the afternoons.

- All meat used is British and meets the red tractor standard
- All eggs used are free range and sourced locally
- Over 75% of our dishes are cooked from scratch using quality ingredients
- All fish served is Marine Stewardship Council (MSC- certified sustainable seafood)

- Fresh fruit or organic yogurt is available as an alternative to dessert every day
- Every effort is made to ensure food is nut free - we do not knowingly use nuts or seeds in any of the recipes or dishes
- We are also delighted to share with you that our current menus are accredited by the Soil Association and meets the Bronze Food for Life Standard.

Meat and vegetarian options are available every day, and we can cater for children who require allergy and/or intolerance diets.

Forms and further information will be available from the school office once your form is returned.

You can see the current school menu at <https://www.portsmouth.gov.uk/ext/learning-and-schools/schools/school-meals.aspx>. This menu will be on offer until October half term 2014 when we will share with you our seasonal autumn menu.

Can my child still bring a packed lunch?

Yes they can, but we would encourage them to try a school lunch. This will give them a varied and balanced diet and save you time and money.

To help ensure that your child's school is able to claim the correct level of funding and help us plan for the increase in children having a school lunch from September, please provide the details requested on the form overleaf and return to your school as soon as possible.

Yours sincerely,

Julien Kramer Interim Head of Education

*NB: A cash alternative is not available for those pupils not taking a school lunch.

From September 2014 all children who are in Reception, Year 1 or Year 2 will be offered a free healthy school lunch. To help us plan please answer the following:

Does your child currently have a school lunch? Yes ☐ No ☐

From September, my child will require a school lunch? Yes ☐ No ☐

Will your child require a menu to meet special dietary needs? Yes ☐ No ☐

If yes, please provide a brief description e.g. gluten free

Information about you and your child - please complete one form for each child

This information will be used by the council to check for eligibility to claim additional grant money (the 'pupil premium') from central government. It will be used for no other purposes and will remain confidential to the council. There may also be other benefits for your child offered by your school – please ask your school.

Do you currently receive free school meals for this child or any other children? Yes ☐ No ☐

Guardian details (both parents should complete the information below)

| | Guardian Surname | Guardian Forename | Guardian Date of Birth Day/Month/Year | | | National Insurance or NASS number | | | | | | | |
|---|------------------|-------------------|--|--|--|-----------------------------------|--|--|--|--|--|--|--|
| 1 | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | |

Child's details

| Child's Surname | Child's Forename | Child's Date of Birth | School | Year Group (from Sept 14) |
|-----------------|------------------|-----------------------|--------|---------------------------|
| | | | | |

Current Address

| | | |
|--|----------|--|
| | | |
| | | |
| | Postcode | |

Daytime telephone number

| | |
|--------|--|
| Mobile | |
| Home | |

Thank you for completing this form – please return it to your child's school as soon as possible.

I agree that you will use the information I have provided to process my claim for school meals until my child leaves school and the information will be used to check for eligibility to claim additional grant money (the 'pupil premium') from central government. It will be used for no other purpose and will remain confidential to the Council.

| | | |
|---------------------------|-----------|------|
| Name of parent / guardian | Signature | Date |
| | | |

Should you have any questions then please ask your school or call **023 9283 4962**.

Agenda Item 7



Portsmouth
CITY COUNCIL

Agenda item:

7

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: School Balances as at 31st March 2014

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

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. The purpose of this report is to inform Schools Forum as to the level of schools' revenue and capital balances as at 31st March 2014.

2. Recommendations

- 2.1. It is recommended that Schools Forum notes the level of schools' revenue balances and capital balances as at 31st March 2014 as shown in Appendices 1 & 2.

3. Background

- 3.1. Each year schools are given delegated budgets which are calculated using a locally agreed fair funding formula. These budgets are supplemented by specific government grants (e.g. Pupil Premium) and through the efforts of the school. Delegated budgets are intended to be spent during the year on the existing cohort of pupils, although it is prudent for a school to retain a small surplus to provide for future uncertainties.
- 3.2. Schools do spend the vast majority of funds directly on the education of their pupils. However, there are a number of genuine reasons why schools may accumulate a balance at the year-end, for example, to provide for planned building works or to provide consistency in staffing levels during funding fluctuations relating to predicted changes in numbers on roll.

- 3.3. In some cases, factors outside of the control of the school can cause increases in balances; for example, large capital building schemes may slip from one year into the next.
- 3.4. Whilst devolved formula capital allocations are ring fenced for capital purposes only, schools may use revenue balances to support capital schemes. In 2013/14, schools allocated some £1.2m (£1.3m 2012/13) of revenue funding to capital purposes.
- 3.5. Schools were surveyed during the spring term to ascertain future commitments against estimated closing balances in order to provide data in accordance with Consistent Financial Reporting (CFR) requirements. This data has since been updated to reflect actual, rather than estimated, closing balances.
- 3.6. During 2013-14 Schools Forum received a number of reports in respect of school balances, including detailed explanations in respect of five the schools with the largest uncommitted balances. The last report was presented in February 2014 and Schools Forum agreed to continue without a "balance control mechanism" (i.e. a "clawback" system) and to implement proposals to strengthen the monitoring arrangements during 2014-15.

4. Revenue Balances

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

| Sector | Balance as at 01/04/12 | % of 2011/12 budget allocation | Balance as at 01/04/13 | % of 2012/13 budget allocation | Balance as at 01/04/14 | % of 2013/14 budget allocation |
|---------------------------|------------------------|--------------------------------|------------------------|--------------------------------|------------------------|--------------------------------|
| Nursery & Primary schools | 5,459,700 | 9.58 | 5,636,467 | 9.71 | 6,595,449 | 12.6 |
| Secondary schools | 2,494,693 | 5.80 | 3,399,712 | 7.99 | 3,892,843 | 10.6 |
| Special schools | 616,372 | 7.18 | 464,301 | 5.26 | 312,384 | 7.3 |
| Total | 8,570,766 | 7.89 | 9,500,480 | 8.68 | 10,800,676 | 11.6 |

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

- Somers Park Primary
- Victory Primary
- City of Portsmouth Girls School
- Clifdale Primary Special School

▪ Mary Rose Special School

In order to provide a consistent comparison between 2012/13 and 2013/14, the balances for these schools have been excluded from the restated 2012/13 figures in the table below.

| Sector | Balance as at 01/04/13 Restated | % of 2012/13 budget allocation | Balance as at 01/04/14 | % of 2013/14 budget allocation |
|---------------------------|---------------------------------|--------------------------------|------------------------|--------------------------------|
| Nursery & Primary schools | 5,166,426 | 10.10 | 6,595,449 | 12.6 |
| Secondary schools | 3,261,257 | 8.63 | 3,892,843 | 10.6 |
| Special schools | 242,313 | 4.38 | 312,384 | 7.3 |
| Total | 8,669,996 | 9.17 | 10,800,676 | 11.6 |

- 4.3. It is important to note that the total schools' balances of £10.8m as at 1 April 2014 include £1m (£0.9m 2012/13) of community related balances e.g. Community Improvement Partnerships, community lettings, breakfast and after school clubs etc. leaving £9.7m (£8.6m 2012/13) of "curriculum" balances relating to core activity. Of this, a further £5.7m has been committed to specific projects or initiatives, leaving a balance of £4m, or 4.3% of the 2013/14 budget allocation, as genuinely uncommitted and exceeds the CIPFA guideline of between 2-3% of budget for uncommitted balances. It is likely that many schools have sought to retain funding where possible as there are uncertainties over future funding due to changes which will be implemented as part of the national school funding reform.
- 4.4. Overall, only one school had year-end deficit on their curriculum accounts amounting to £48,289 and have an agreed recovery plan in place to recover the deficit. The other school that was in deficit last year has subsequently recovered that deficit and had a slight surplus at the end of 2013/14.

5. Review of Specific School Balances

- 5.1 In December 2013, a report was presented to Schools Forum which provided further details of the uncommitted balances on the five schools with the largest uncommitted balances as at 31 March 2013. These schools included: Charles Dickens Infant, Springfield Secondary, Cumberland Infant, St Edmunds RC Secondary and Solent Infant.
- 5.2 The school revenue balances as at 31st March 2014 are shown by school at Appendix 1. Included within these balances are two schools

which converted to Academy status on the 1st April 2014 (Flying Bull Primary and Admiral Lord Nelson Secondary). The process of calculating the final balances of these schools is underway in accordance with statutory requirements. Any final surpluses will be transferred to the new Academy Trusts. In addition, Charles Dickens Primary, Miltoncross and Priory are expected to convert on the 1st September 2014.

- 5.3 Of the remaining schools, there are a number with large balances as at 31st March 2014. The schools with total balances in excess of 20% of their budget share are listed below.

| School | Balance as at 01/04/14 | % of 2013/14 budget allocation |
|----------------------------------|------------------------|--------------------------------|
| Primary | | |
| St Georges Beneficial CE Primary | 423,427 | 32.17 |
| Corpus Christi Catholic Primary | 259,870 | 23.05 |
| Fernhurst Junior | 286,344 | 23.02 |
| Cumberland Infant | 153,534 | 22.63 |
| Cottage Grove | 354,687 | 21.60 |
| Langstone Infant | 206,738 | 20.92 |
| Secondary | | |
| Springfield Secondary | 1,239,773 | 24.32 |
| St Edmunds | 854,424 | 20.26 |
| TOTAL | 3,778,797 | |

- 5.4 The reasons for these schools holding significant balances are set out below:

St Georges Beneficial CE Primary

- 5.5 St George's year-end balances have increased from £220,737 at the end of March 2013 to £423,427 at the end of March 2014. Of this balance £7,705 relates to community balances, whilst the school are indicating that a further £270,199 (64%) is committed.
- 5.6 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £115,000 contribution to Capital. This includes refurbishment of the lodge, replacement of computers in ICT suite and tiered seating for the hall, with a further £60,000 earmarked for landscaping ground works. The planned project was delayed and started in November 2013.
 - £22,000 building maintenance.
 - £15,000 classroom resources and equipment.
 - £58,200 to provide consistency in staffing levels for anticipated fluctuations in the Number on Roll.
- 5.7 The remaining £145,523 equates to 11.06% of the schools budget share.

Corpus Christi Catholic Primary

- 5.8 Corpus Christi's year-end balances have increased slightly from £229,412 to £259,870 as at the end of March 2014. Of this balance the school have indicated that £163,588 (63%) is committed.
- 5.9 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £130,000 towards Grounds and IT projects agreed by the Governing body in March, which are due to be completed during 2014-15 and 2015-16.
 - £10,600 to release teachers as part of teacher training programmes
- 5.10 The remaining uncommitted balance of £96,282 equates to 8.54% of the schools budget share.

Fernhurst Junior

- 5.11 Fernhurst's year-end balances have increased from £247,038 to £286,344 as at the end of March 2014. Of this balance £45,676 relates to community balances. Of the curriculum balances, the school have indicated that £165,000 (69%) is committed.
- 5.12 The school has indicated on their year-end return that £155,000 of the committed balance will be used for capital and building maintenance works (i.e refurbishment of toilets, redevelopment of quite area, emergency building works, etc). It is anticipated that these works will be completed by March 2015.
- 5.13 The remaining uncommitted balance of £75,669 equates to 6.08% of the schools budget share.

Cumberland Infant

- 5.14 Cumberland Infant's year-end balances have increased slightly from £147,188 to £153,534 as at the end of March 2014. Of this balance, the school have indicated that £130,513 (85%) is committed.
- 5.15 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £21,291 related to staffing costs, mainly in relation to support for fluctuations on roll.
 - £65,859 is held on behalf of the cluster network and after school clubs, etc.
 - £33,113 relates to prior year commitments (including the purchase of interactive whiteboards for which purchase orders have been raised).

- 5.16 The remaining uncommitted balance of £23,021 equates to 3.39% of the schools budget share.

Cottage Grove

- 5.17 Cottage Grove's year-end balances have increased from £139,935 to £354,687 as at the end of March 2014. Of this balance, the school have indicated that £190,574 (54%) is committed.
- 5.18 The school has indicated on their year-end return that the committed balance will be used as follows:
- £64,474 will be used for staffing and resources in respect of the Pupil Premium activities
 - £10,000 on maths resources
 - £40,000 on replacing 4 smart boards and computer hardware to support the curriculum
 - £10,000 on outdoor education equipment
 - £10,000 on staff training
 - £56,100 on the refurbishing of toilets and the reception class facilities.
- 5.19 The remaining uncommitted balance of £164,112 equates to 9.99% of the schools budget share.

Langstone Infant

- 5.20 Langstone Infant's year-end balances have increased from £112,274 to £206,738 as at the end of March 2014. Of this balance, the school have indicated that all of the balance is committed.
- 5.21 The school has indicated on their year-end return that the balance will be used as follows:
- £139,825 for staffing, including £76,631 for fixed term contract teaching support staff.
 - £16,081 for replacement windows due to be installed during 2014-15
 - Estimated £50,832 for new blinds and replacement lighting.
- 5.22 The school does not have any uncommitted balances.

Springfield Secondary

- 5.23 Springfield's year-end balances have increased from £993,783 to £1,239,773 as at the end of March 2014. The school have indicated that all of the balance is committed.
- 5.24 The school have indicated that the balance will be used as follows:
- £42,000 held on behalf of the cluster

- £460,000 in respect of building works, including creation of a new science Lab, refurbishment of the hall, refurbishment of the school canteen, staff room and reception.
- The governing body have also identified projects planned to be completed over the next three years, with a total value of £850,000 for which they are holding funds, these include an alternative PE space, outdoor Astroturf etc.

5.25 The school does not have an uncommitted balance.

St Edmunds RC Secondary

5.26 St Edmund's year-end balances have increased slightly from £804,302 to £854,424 as at the end of March 2014. Of this balance, the school have indicated that £457,810 (54%) is committed.

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

- £238,717 is to provide for consistent teaching resources due to falling Number on Roll.
- £219,093 relates to prior commitments in respect of capital works and refurbishments at the school (including the swimming pool area)

5.28 The remaining uncommitted balance of £396,614 equates to 9.40% of the schools budget share.

6. Capital Balances

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

6.2 An analysis of schools' current capital balances is given at Appendix 2 together with proposed spending plans as returned in the school survey. Where spending plans exceed balances there will need to be additional funding proposals.

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

| Sector | Balance as at 01/04/12 | Balance as at 01/04/13 | Balance as at 01/04/14 |
|---------------------------|------------------------------|------------------------------|------------------------------|
| Nursery & Primary schools | 1,595,576 | 1,363,070 | 1,347,084 |
| Secondary schools | 868,570 | 300,781 | 682,358 |
| Special schools | 148,152 | 167,925 | 163,280 |
| Total | 2,612,298 | 1,831,776 | 2,192,722 |

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

- 6.4 As with the revenue balances, in order to provide a consistent year-on-year comparison, the closing balances in respect those schools who converted to Academy status have been excluded from the restated 2012/13 figures in the table below.

| Sector | Balance as at 01/04/13 Restated | Balance as at 01/04/14 |
|---------------------------|--|------------------------------|
| Nursery & Primary schools | 1,329,631 | 1,347,084 |
| Secondary schools | 238,765 | 682,358 |
| Special schools | 164,785 | 163,280 |
| Total | 1,733,181 | 2,192,722 |

- 6.5 Appendix 2 also includes the capital balances of Flying Bull Primary and Admiral Lord Nelson Secondary which as mentioned earlier converted to Academy status on 1st April 2014. These balances will form part of the overall closing balances of the school which will be transferred to the Academy Trusts.
- 6.6 In order to bring forward proposed capital schemes, schools were permitted to seek to spend against future Devolved Formula Capital (DFC) funding with the agreement of the Local Authority. DFC allocations were reduced significantly in 2011/12, meaning that it is no longer appropriate for schools to “anticipate” future capital funding.

7. Reasons for recommendations

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

8. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the 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

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

.....
Signed by:

Appendices:

Appendix 1: schools' revenue balances at 31st March 2014

Appendix 2: schools' capital balances and commitments at 31st March 2014

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

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

| Title of document | Location |
|--|-------------------|
| School Balances Files and Spreadsheets | Education Finance |

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

.....
Signed by:

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SCHOOLS REVENUE BALANCES AS AT 31 MARCH 2014

APPENDIX 1

| Balance as @ 31/03/2013 | % of 2012/13 Budget Share Allocation | School Name | Analysis of Balance | | Balance as @ 31/03/2014 | % of 2013/14 Budget Share Allocation | Uncommitted as % of Budget Share Allocation | Committed as % of Budget Share Allocation |
|-------------------------------|--|---|---------------------|-----------|-------------------------------|--|---|---|
| | | | Uncommitted | Committed | | | | |
| PRIMARY & NURSERY SCHOOLS | | | | | | | | |
| -43,020 | -11.10% | The Brambles Nursery | | -48,289 | -48,289 | -12.46% | | -12.46% |
| 109,109 | 4.55% | Arundel Court Infant/Junior (now Arundel Court Primary) | | 146,445 | 146,445 | | | |
| | | Arundel Court Primary | 173,746 | | 173,746 | 6.72% | 6.72% | |
| 304,527 | 14.28% | Charles Dickens Infants/Junior (now Charles Dickens Primary) | | | | | | |
| | | Charles Dickens Primary | 152,130 | 401,855 | 553,986 | 26.21% | 7.20% | 19.02% |
| 136,550 | 11.13% | College Park Infant | 122,705 | 12,641 | 135,345 | 11.05% | 10.02% | 1.03% |
| 163,927 | 16.80% | Copnor Infant | 49,594 | 40,032 | 89,626 | 9% | 5.05% | 4.08% |
| 131,564 | 9.51% | Copnor Junior | 90,349 | 94,462 | 184,811 | 12.99% | 6.35% | 6.64% |
| 229,412 | 21.16% | Corpus Christi Catholic Primary | 96,282 | 163,588 | 259,870 | 23.05% | 8.54% | 14.51% |
| 139,935 | 9.92% | Cottage Grove Primary | 164,113 | 190,574 | 354,687 | 21.60% | 9.99% | 11.60% |
| 123,748 | 10.11% | Court Lane Infant | | 154,993 | 154,992 | 12.73% | | 12.73% |
| 50,615 | 3.24% | Court Lane Junior | 28,347 | 64,567 | 92,915 | 6.02% | 1.84% | 4.19% |
| 110,231 | 8.96% | Craneswater Junior | 148,981 | 26,319 | 175,300 | 13.69% | 11.64% | 2.06% |
| 147,188 | 23.77% | Cumberland Infant | 23,021 | 130,513 | 153,534 | 22.63% | 3.39% | 19.23% |
| 76,897 | 9.14% | Devonshire Infant | 22,999 | 27,232 | 50,231 | 7.01% | 3.21% | 3.80% |
| 247,038 | 20.65% | Fernhurst Junior | 75,669 | 210,676 | 286,344 | 23.02% | 6.08% | 16.93% |
| 151,981 | 8.01% | Flying Bull Primary | 198,336 | 8,140 | 206,476 | 11.71% | 11.25% | 0.46% |
| 90,778 | 12.13% | Gatcombe Park Primary | 12,250 | 61,413 | 73,662 | 9.68% | 1.61% | 8.07% |
| -36,917 | -6.12% | Goldsmith Infant | 22,298 | -4,612 | 17,686 | 2.65% | 3.34% | -0.69% |
| 61,101 | 6.51% | Highbury Primary | 24,865 | 12,765 | 37,629 | 3.59% | 2.37% | 1.22% |
| 24,684 | 2.70% | Isambard Brunel Junior | 18,330 | 73,182 | 91,512 | 9.13% | 1.83% | 7.30% |
| 112,274 | 12.85% | Langstone Infant | | 206,738 | 206,738 | 20.92% | | 20.92% |
| 128,732 | 12.44% | Langstone Junior | 51,409 | 86,900 | 138,309 | 13.05% | 4.85% | 8.20% |
| 63,378 | 6.52% | Manor Infant | 52,888 | 76,244 | 129,132 | 12.93% | 5.29% | 7.63% |
| 65,633 | 6.83% | Medina Primary | 133,789 | -52 | 133,738 | 14.27% | 14.28% | -0.01% |
| 61,280 | 9.03% | Meon Infant | 42,514 | 33,638 | 76,152 | 11.13% | 6.21% | 4.92% |
| 80,815 | 7.95% | Meon Junior | | 75,623 | 75,623 | 7.26% | | 7.26% |
| 86,228 | 8.98% | Meredith Infant | 71,322 | 23,668 | 94,990 | 9.99% | 7.50% | 2.49% |
| 251,078 | 14.71% | Milton Park Federated School | 96,339 | 151,277 | 247,616 | 15.68% | 6.10% | 9.58% |
| 70,502 | 14.62% | Moorings Way Infant | | 70,031 | 70,031 | 12.79% | | 12.79% |
| 50,646 | 4.06% | Newbridge Junior | 50,428 | 34,595 | 85,023 | 6.02% | 3.57% | 2.45% |
| 71,932 | 3.59% | Northern Parade Federated School | 70,082 | | 70,082 | 3.45% | 3.45% | |
| 128,057 | 12.70% | Penhale Infant | 65,644 | 37,200 | 102,844 | 10.39% | 6.63% | 3.76% |
| 87,768 | 6.11% | Portsdown Primary | 37,190 | 96,781 | 133,971 | 9.73% | 2.70% | 7.03% |
| 111,462 | 11.90% | Solent Infant | 69,195 | 50,641 | 119,835 | 12.80% | 7.39% | 5.41% |
| 67,526 | 5.73% | Solent Junior | 37,553 | 40,000 | 77,553 | 6.47% | 3.13% | 3.34% |
| 248,405 | 16.25% | Somers Park Primary | | | | | | |
| 85,163 | 10.42% | Southsea Infant | 51,357 | 43,361 | 94,718 | 13.44% | 7.29% | 6.15% |

SCHOOLS REVENUE BALANCES AS AT 31 MARCH 2014

APPENDIX 1

| Balance as @ 31/03/2013 | % of 2012/13 Budget Share Allocation | School Name | Analysis of Balance | | Balance as @ 31/03/2014 | % of 2013/14 Budget Share Allocation | Uncommitted as % of Budget Share Allocation | Committed as % of Budget Share Allocation |
|--------------------------|--------------------------------------|--------------------------------------|---------------------|------------------|-------------------------|--------------------------------------|---|---|
| | | | Uncommitted | Committed | | | | |
| 220,737 | 19.32% | St Georges Beneficial C of E Primary | 145,523 | 277,904 | 423,427 | 32.17% | 11.06% | 21.11% |
| 285,439 | 28.40% | St Johns Catholic Primary | 27,883 | 167,780 | 195,663 | 18.61% | 2.65% | 15.96% |
| 146,784 | 9.34% | St Judes C of E Primary | 77,035 | 128,253 | 205,288 | 13.38% | 5.02% | 8.36% |
| 257,667 | 15.53% | St Pauls Catholic Primary | 129,661 | 122,001 | 251,661 | 15.16% | 7.81% | 7.35% |
| 110,262 | 9.77% | St Swithuns Catholic Primary | 44,281 | 42,030 | 86,311 | 7.30% | 3.75% | 3.56% |
| 132,300 | 14.29% | Stamshaw Infant | 66,896 | 71,908 | 138,804 | 14.09% | 6.79% | 7.30% |
| 129,360 | 15.69% | Stamshaw Junior | | 95,761 | 95,761 | 10.70% | | 10.70% |
| 221,636 | 10.03% | Victory Primary | | | | | | |
| 45,628 | 4.34% | Westover Primary | | 14,511 | 14,511 | 1.37% | | 1.37% |
| 58,563 | 8.20% | Wimborne Infant | | 55,458 | 55,458 | 7.55% | | 7.55% |
| 37,866 | 3.60% | Wimborne Junior | | 81,698 | 81,698 | 6.98% | | 6.98% |
| 5,636,467 | | Total Primary & Nursery | 2,745,005 | 3,850,445 | 6,595,449 | | 6.67% | 4.75% |
| SECONDARY SCHOOLS | | | | | | | | |
| 357,519 | 7.57% | Admiral Lord Nelson Secondary | 265,714 | 99,582 | 365,297 | 7.75% | 5.64% | 2.11% |
| 139,543 | 5.11% | City Of Portsmouth Boys Secondary | 19,647 | 52,259 | 71,907 | 2.60% | 0.71% | 1.89% |
| 138,455 | 2.91% | City Of Portsmouth Girls Secondary | | | | | | |
| 212,727 | 4.71% | King Richard Secondary | | 436,376 | 436,376 | 10.31% | | 10.31% |
| 7,908 | 0.15% | Mayfield Secondary | | 89,112 | 89,112 | 1.80% | | 1.80% |
| 110,977 | 2.21% | Miltoncross Secondary | 78,536 | 226,369 | 304,906 | 6.16% | 1.59% | 4.57% |
| 634,497 | 10.61% | Priory Secondary | 66,983 | 464,066 | 531,048 | 9.11% | 1.15% | 7.96% |
| 993,783 | 19.37% | Springfield Secondary | | 1,239,773 | 1,239,773 | 24.32% | | 24.32% |
| 804,302 | 17.94% | St Edmunds RC Secondary | 396,614 | 457,810 | 854,424 | 20.26% | 9.40% | 10.85% |
| 3,399,712 | | Total Secondary | 827,495 | 3,065,347 | 3,892,843 | | 7.21% | 1.95% |
| SPECIAL SCHOOLS | | | | | | | | |
| 96,298 | 5.71% | Cliffdale Primary Special School | | | | | | |
| 29,840 | 1.58% | Harbour | | 67,492 | 67,492 | 4.24% | | 4.24% |
| 125,690 | 7.78% | Mary Rose Special School | | | | | | |
| 107,138 | 3.75% | Redwood Park Special School | 159,913 | | 159,913 | 8.29% | 8.29% | |
| 105,335 | 13.46% | Willows Special School | | 84,979 | 84,979 | 11.10% | | 11.10% |
| 464,301 | | Total Special | 159,913 | 152,471 | 312,384 | | 1.73% | 1.81% |
| 5,636,467 | | | 2,745,005 | 3,850,445 | 6,595,449 | | 6.67% | 4.75% |
| 3,399,712 | | | 827,495 | 3,065,347 | 3,892,843 | | 7.21% | 1.95% |
| 464,301 | | | 159,913 | 152,471 | 312,384 | | 1.73% | 1.81% |
| 9,500,480 | 7.89% | | 3,732,413 | 7,068,263 | 10,800,676 | 8.68% | 9.13% | 4.82% |

| Balance as @ 31/03/2013 | Balance as @ 31/03/2014 | Spending Plan | Description of Plan | Projected Balance |
|--------------------------------------|-------------------------------|---------------|---|-------------------|
| PRIMARY & NURSERY SCHOOLS | | | | |
| 0 | Arundel Court Primary | 0 | | 0 |
| 17,272 | The Brambles Nursery | 21,700 | | 21,700 |
| 5,796 | Charles Dickens Primary | 18,039 | 15,000 Roof Repairs 1st Yr contribution 15,000 | 3,039 |
| 101,160 | College Park Infant | 135,187 | | 135,187 |
| 13,505 | Copnor Infant | 19,495 | | 19,495 |
| 742 | Copnor Junior | (357) | | (357) |
| (5,498) | Corpus Christi RC Primary | (38,858) | | (38,858) |
| 64,762 | Cottage Grove Primary | 46,663 | 10,338 Easy Networks Easter Holidays PO 2778898 3,324 Communications South PO 2777322 817 Chubb PO2778907 1,000 Nurture Unit Furniture 26,705 Mini Bus Purchase - Red Kite 4,479 Replace nursery Sinks/Flooring PO 2780095 | 0 |
| 41,242 | Court Lane Infant | 49,292 | | 49,292 |
| 11 | Court Lane Junior | 22 | | 22 |
| 44,178 | Craneswater Junior | 41,055 | 7,000 Creation of multipurpose SEN/PPA/Meeting room in lower school 7,000 | 34,055 |
| 37,772 | Cumberland Infant | 37,759 | | 37,759 |
| 7,878 | Devonshire Infant | 7,571 | 7,571 14/15 ICT Projects | 0 |
| 9,737 | Fernhurst Junior | 5,623 | | 5,623 |
| 13,501 | Flying Bull Primary | (3,546) | | (3,546) |
| 14,171 | Gatcombe Park Primary | 14,126 | | 14,126 |
| 7,947 | Goldsmith Infant | 13,505 | | 13,505 |
| 6,661 | Highbury Primary | 6,695 | | 6,695 |

| Balance as @ 31/03/2013 | Balance as @ 31/03/2014 | Spending Plan | Description of Plan | Projected Balance |
|-------------------------------|-------------------------------|---------------|--|-------------------|
| 188 | Isambard Brunel Junior | (4,914) | 0 | (4,914) |
| 34,002 | Langstone Infant | 353 | 0 | 353 |
| 18,317 | Langstone Junior | 398 | 0 | 398 |
| 19,226 | Manor Infant | 19,417 | 0 | 19,417 |
| 25,425 | Medina Primary | 9,793 | 0 | 9,793 |
| 37,021 | Meon Infant | 6,776 | 0 | 6,776 |
| 11,914 | Meon Junior | 7 | 0 | 7 |
| 26,031 | Meredith Infant | 7,503 | 50,000 Remodelling Childrens Toilets,staffroom,offices 50,000 | (42,497) |
| 103,851 | Milton Park Federation | 115,744 | 0 | 115,744 |
| 24,874 | Moorings Way Infant | 5,212 | 0 | 5,212 |
| 442 | Newbridge Junior | 7,840 | | 7,840 |
| 16,500 | Northern Parade Federation | 0 | 0 | 0 |
| 0 | Penhale Infant | 6,475 | 6,475 Contribution to scaffolding & work on Lincoln Rd building 6,475 | 0 |
| 1,475 | Portsdown Primary | 1,792 | 0 | 1,792 |
| 6,827 | Solent Infant | 19,605 | 1,235 Balcony Reports 1,235 | 18,370 |
| 10,934 | Solent Junior | 20,243 | 20,200 Grounds Project & classroom refurbishments 20,200 | 43 |
| 25,072 | Somers Park | 0 | 0 | 0 |

| Balance as @ 31/03/2013 | Balance as @ 31/03/2014 | Spending Plan | Description of Plan | Projected Balance |
|-------------------------------|-------------------------------|---|---|-------------------|
| 38,604 | 29,748 | 0 | | 29,748 |
| 123,789 | 159,388 | 0 | | 159,388 |
| 286,121 | 405,893 | 390,000 | 100,000 Drainage Issues 100,000 St Edmunds Sports Hall 160,000 Corridor linking KS1 & KS2 30,000 Replacement Minibus | 15,893 |
| 55,083 | 42,076 | 8,511 3 yr capital allocation 8,365 2 yr capital allocation 8,511 | Contribution to PCC project Contribution to PCC project | 33,565 |
| 56,895 | 71,530 | 71,000 | 13,000 Retention payment still outstanding on classroom extention 58,000 Future building works | 530 |
| (1) | (1) | 0 | | (1) |
| 7,753 | 14,419 | 0 | | 14,419 |
| 840 | 7,236 | 6,225 6,225 | Replacement windows | 1,011 |
| 8,367 | 0 | 0 | | 0 |
| 20,338 | 19,481 | 0 | | 19,481 |
| 9,779 | 6,344 | 0 | | 6,344 |
| 12,566 | 755 | 0 | | 755 |
| 1,363,070 | 1,347,084 | 634,063 | | 717,203 |

| Balance as @ 31/03/2013 | Balance as @ 31/03/2014 | Spending Plan | Description of Plan | Projected Balance |
|-------------------------------|-------------------------------|---|---|-------------------|
| SECONDARY SCHOOLS | | | | |
| 27,465 | Admiral Lord Nelson | | 20,000 Sports Hall Floor Replacement | |
| | 50,054 | 20,000 | | 30,054 |
| 30,627 | City of Portsmouth Boys | | | |
| | 14,251 | 0 | | 14,251 |
| 62,015 | City of Portsmouth Girls | | | |
| | 0 | 0 | | 0 |
| 26,838 | King Richard | | 6,437 Replacement of doors | |
| | 5,962 | 6,437 | | (475) |
| 15,162 | Mayfield | | | |
| | (132) | 0 | | (132) |
| 21,656 | Miltoncross | | 16,961 Refurbishment of reception area & hair salon | |
| | 16,961 | 16,961 | | 0 |
| 6,067 | Priory | | | |
| | 21,066 | 0 | | 21,066 |
| 110,697 | Springfield | | | |
| | 101,978 | 0 | | 101,978 |
| 253 | St Edmunds RC | | 130,000 SI Unit/New Reception Area - PCC Project | |
| | 472,218 | 270,000 Multi Use Games Area & 3G pitch | | 72,218 |
| 300,780 | Total Secondary | 682,358 | 443,398 | 238,960 |
| SPECIAL SCHOOLS | | | | |
| 526 | Cliffdale Primary | | | |
| | 0 | 0 | | 0 |
| 2,615 | Mary Rose | | | |
| | 0 | 0 | | 0 |
| 122,902 | Redwood Park | | | |
| | 126,182 | 0 | | 126,182 |
| 4,587 | Harbour | | | |
| | 1,731 | 0 | | 1,731 |
| 37,296 | Willows Nursery | | 11,000 New canopy in play area | |
| | 35,367 | 11,000 | | 24,367 |
| 167,926 | Total Special | 163,280 | 11,000 | 152,280 |
| SUMMARY | | | | |
| 1,363,070 | Primary Schools | 1,347,084 | 634,063 | 717,203 |
| 300,780 | Secondary Schools | 682,358 | 443,398 | 238,960 |
| 167,926 | Specials Schools | 163,280 | 11,000 | 152,280 |
| 1,831,776 | | 2,192,722 | 1,088,461 | 1,108,443 |
| | | | | 79,378 |

Agenda Item 8



Portsmouth
CITY COUNCIL

Agenda item:

8

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: Dedicated Schools Grant Outturn 2013-14

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

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. This purpose of this report is to inform Schools Forum of the final position of the Dedicated Schools Grant (DSG) spending in 2013-14 and confirms the carry forward funding brought into 2014-15

2. Recommendations

- 2.1. It is recommended that Schools Forum:
 - a. Note the reasons for the under and overspends within the DSG budget in 2013-14.
 - b. Acknowledge that the carry forward funding is not available on an ongoing basis

3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. At the Schools Forum meeting in December 2013 Members were provided with a projected forecast for the year-end, based on the underlying position as at 31st October 2013.
- 3.3. Following the completion of the year-end closedown processes, it can now be reported that the final balance available to carry forward from 2013-14 into 2014-15 is £2.313m

4. Dedicated Schools Grant

4.1. The table below sets out the final DSG as at the 31st March 2014.

| DEDICATED SCHOOLS GRANT | <i>Original Estimate 2013/14 £'000's</i> | <i>Revised Estimate 2013/14 £'000's</i> | <i>Outturn £'000's</i> | <i>Over/ (under) spend £'000's</i> |
|--------------------------------------|--|---|----------------------------|--|
| DSG : Devolved | | | | |
| Nursery ISB | 7,446 | 7,571 | 7,629 | 58 |
| Primary ISB | 56,097 | 52,542 | 52,542 | 0 |
| Secondary ISB | 41,191 | 38,611 | 38,611 | 0 |
| High Needs ISB | 7,024 | 6,011 | 6,064 | 53 |
| Total Devolved DSG | 111,758 | 104,735 | 104,846 | 111 |
| DSG : Retained | | | | |
| De-Delegated Budgets & Growth Fund | 2,152 | 2,233 | 2,285 | 52 |
| High Needs | 8,307 | 8,728 | 8,951 | 223 |
| Other centrally retained | 3,416 | 3,416 | 2,606 | (810) |
| DSG and other Specific Grants | (125,413) | (118,556) | (118,556) | 0 |
| DSG Brought Forward | (220) | (2,445) | (2,445) | 0 |
| DSG Carried Forward | 0 | 1,889 | 2,313 | 424 |
| Total Retained DSG | (111,758) | (104,735) | (104,846) | (111) |
| TOTAL Dedicated Schools Grant | 0 | 0 | 0 | 0 |

4.2. The over and underspend variances within the table above are explained in more detail below.

Nursery ISB

- 4.3. During 2013-14 there was an increase in the number of children aged 3 and 4 which required funding for Nursery Places in Private, Voluntary and Independent (PVI) settings (134 summer term, 96 autumn term, 134 spring term). As a result of this increase in activity, an overspend on this budget was expected and reported in December to Schools Forum. Based on these increased numbers, the final overspend on PVI provision was £262,000, although this has been partially offset by an underspend of £204,000 in the cost of the maintained nursery units where there was a reduction in number of pupils.
- 4.4. This increase in the level of activity is forecast to continue into 2014-15, and is expected to continue to place a financial pressure on this area of the Dedicated Schools Grant in future years.
- 4.5. In setting the original budget for 2013-14, the Early Years Block funding from the Department for Education was based on the January 2012 census. This was subsequently revised following the completion of the January 2013 census and an additional £125,000 was allocated to

Portsmouth. In anticipation of the increased Nursery provision, a corresponding increase in this budget was also reflected.

Primary & Secondary ISB

- 4.6. Since setting the budget in February 2013, there were 4 Academy conversions (3 Primary Schools, 1 Secondary School) during the financial year 2013-14. As a result of these Academy conversions the budget for the Individual Schools Budgets (ISBs) has been adjusted to reflect only the period that they are maintained by Portsmouth City Council. The adjustments amounted to £3.6m for the Primary Schools and £2.6m for the Secondary Schools. Following conversion to Academy status, the schools received their funding direct from the Education Funding Agency.

High Needs ISB

- 4.7. The High Needs ISB, included a budget provision for the place funding required in respect of Special Schools, Resourced Units and Alternative Provision Settings.
- 4.8. In November and December 2013, Mary Rose and Cliffdale Special Schools converted to Academy status. Following conversion to Academy status, the schools received their place funding direct from the Education Funding Agency, therefore the budget and actual funding requirements were reduced to reflect this change.
- 4.9. The small overspend on the High Needs ISB, mainly reflects the costs arising from the creation of the new Resourced Unit in the Craneswater Annex; as agreed by Schools Forum in September 2013. These places were initially funded directly by the Council, but will be funded via the Education Funding Agency in the future as they are operated by Mary Rose School.

De-Delegated Budgets & Growth Fund

- 4.10. As with the ISB's, when schools convert to Academy status the de-delegated budgets need to be adjusted. The Authority can only retain any de-delegated funding after conversion until the following September or April, whichever comes first.
- 4.11. At the Schools Forum meeting on 17th August it was agreed that an additional amount of £186,900 would be allocated to the Growth Fund from the carry forward balance. This amount was allocated to Mayfield School to support the conversion to become an 'all through school' as approved at that meeting.
- 4.12. The remaining growth fund was established to support schools with 'sustained and significant growth' that met the approved criteria. The final

allocation from this fund amounted to £309,000 compared to an initial budget allocation of £200,000. The funding was provided to 8 schools which met the approved criteria.

- 4.13. There were other small under and overspends on the remaining de-delegated budgets, but the most significant underspend was on the Special Staff cost budgets (which includes union duties) amounting to £74,000, which partly offset the overspend on the growth fund.

High Needs

- 4.14. The High Needs budget was revised upwards by £200,000, to reflect the additional funding approved by Schools Forum at its meeting in July 2013. This funding was to be allocated to Schools in exceptional circumstances where the funding formula does not adequately reflect the number of pupils with statements of special educational need. The Element 3 Top-up budget received an additional allocation following the announcement by the DfE of the final high needs funding for 2013-14.
- 4.15. In the December report to Schools Forum, an overspend had been forecast in respect of the 'out of city placements' budget and it was highlighted that there were growing pressures in other budget areas. The final overspend on the High Needs budget amounted to £223,000 and was mainly comprised of the following:
- £173,000 in respect of an increase in out of city placements.
 - £151,000 in respect of additional Element 3 top-up payments to Special Schools, Resourced Units and Alternative Provision settings
 - £(72,000) income from the final 2012-13 recoupment adjustments with other Local Authorities
 - £(29,000) other small variances
- 4.16. It is expected that the costs of the High Needs budget will continue to rise in future years as more pupils with complex needs require support. Therefore it will be necessary to consider increasing the budget allocation set-aside for high needs services in setting future budgets.

Other centrally retained budgets

- 4.17. The other centrally retained budgets include the 2 year old place and trajectory funding totalling £2.4m. The DfE estimated number of children eligible for a place was 617. As at 31 March 2014, 530 children were in funded places. As previously reported, it was expected that there would be an underspend on the place funding budget, as the number of children in placements grew throughout the year. The final underspend on the place funding in 2013-14 amounted to £447,000.

- 4.18. In addition, to the place funding the DfE allocated £700,219 of trajectory funding to support Local Authorities in developing provision to meet the growth in places. A report was presented to Schools Forum in February 2014 by the Early Support Commissioning Manager. It was agreed that any underspend on the Trajectory funding in 2013-14 would be carried forward and allocated to the Trajectory budget in 2014-15 to support the continued investment.
- 4.19. At the end of 2013-14, there was an underspend of £420,630 on the Trajectory funding budget. This will be carried forward into 2014-15 and allocated to the trajectory budget for 2014-15.
- 4.20. The other significant underspend in this area related to the Carbon Credit Reduction. This was the last year of the scheme for schools and the charges were less than originally expected. In setting the 2014-15 we reported that although the DSG would no longer be charged for this scheme, the DfE also deducted the funding from the DSG allocation to Local Authorities.
- 4.21. Lastly, in finalising the surplus/deficit balance for the City of Portsmouth Girls School, it was identified that the closing balance of the School was a deficit balance of £167,000. As this was a sponsored Academy conversion, the deficit cannot be transferred to the Academy Trust.

DSG Grant

- 4.22. The table below shows the original DSG budgets that were reported to Schools Forum in February 2013, together with the final DSG allocation (excluding Academies):

DSG Allocation 2013-14:

| | Original Estimate (excluding Academies) £m | Final Allocation (excluding Academies) £m |
|---------------------------------------|---|--|
| Early Years Block* | 8.026 | 8.151 |
| Schools Block | 100.236 | 93.931 |
| High Needs Block* | 14.632 | 13,955 |
| <i>Additional Funding in 2013-14:</i> | | |
| 2 Year Old Funding | 2.484 | 2.484 |
| Newly Qualified Teachers | 0.035 | 0.035 |
| TOTAL | 125.413 | 118,556 |

- 4.23. The Revised allocation reflects adjustments to the DSG received by the Council. The main adjustments reflect the reduction in funding as a result of schools converting to Academy status, as this is now paid to schools via the Education Funding Agency.

4.24. The Early Years Block, has been adjusted, as anticipated to reflect the number of pupils in Early Years settings based on the January 2013 census.

4.25. The high needs block funding reflects the anticipated adjustments in relation to the growth in the high needs places as well as the impact of Academy conversions.

5. Reasons for recommendations

This report is for information only, therefore Schools Forum is asked to note the contents of the report.

6. 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.

7. Legal comments

Legal comments have been included within the body of this report

8. Head of Finance's comments

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

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Signed by:

Appendices:

None

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 Information | Education Finance |
| | |

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

.....
Signed by:

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Agenda Item 9



Portsmouth
CITY COUNCIL

Agenda item:

9

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: Revised Budget 2014-15

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

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of this report is to inform Schools Forum of the latest announcements from the Department for Education (DfE) in respect of the Dedicated Schools Grant funding and to propose amendments to the 2014-15 budgets in order to maintain overall affordability.

2. Recommendations

It is recommended that Schools Forum:

- a. Acknowledge the estimated financial pressures and the reasons for them as set out in sections 5 and 6 of this report; as well as the fact that the final outturn for 2014-15 may change.
- b. Agree to allocate the increase in the Early Years block DSG of £114,000 to support the 3 & 4 year old Nursery provision budget.
- c. Note the forecast overspend for 2014-15 of £250,000 in the 3 & 4 year old Nursery provision after allocating the £114,000, and that any underspend in the 2 year place funding will be used to offset this.
- d. Agree to meet the estimated financial pressures of £1,067,000 in respect of the High Needs budgets in 2014-15 by:
 - i. Allocating the additional High Needs Block DSG funding of £292,000 to the High Needs budgets.

- ii. Transferring the unused Falling Rolls funding in 2014-15 of £391,000 to the High Needs budgets.
- iii. Transferring £384,000 on a one-off basis from the 2013-14 carry-forward to the High Needs budgets
- e. Agree the revised budget for 2014-15 as set out in Appendix 1.
- f. Acknowledge the forecast financial pressures in respect of the High Needs budget in 2015-16 of circa £1.433m and the options for balancing the budget as set out in paragraphs 7.7 to 7.11.
- g. Agree that based on the options in paragraphs 7.7 to 7.11, officers develop specific proposals for balancing the budget in 2015-16 and that these be brought back to a future meeting of the Forum for approval.
- h. Agree to amend the funding allocation methodology for the 2014-15 Growth Fund, subject to DfE approval, as follows:

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

3. Background

- 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. On the 26th February 2014, Schools Forum approved the initial determination of the schools budget for 2014-15; which is shown at Appendix 1.
- 3.3. This report sets out the proposed amendments to the budget following the subsequent announcements by the DfE in respect of the Dedicated Schools Grant, as well as changes to the expenditure budgets as a result of service changes since the initial determination.

4. Dedicated Schools Grant

- 4.1. On the 19th 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

4.2. As reported in February, the funding for the Early Years and High Needs Blocks were indicative allocations and would subsequently be revised by the DfE. The DfE have now confirmed the High Needs Block allocation for 2014-15 and this has increased by £292,000 to reflect the growth in places. However no additional funding has been made available in respect the Element 3 top-up funding.

4.3. The funding for the Early Years Block is based on the January census data. Since the announcement of the indicative allocation in December 2013, the DfE have now confirmed that the revised allocation based on the January 2014 census is £8,265,569, which is an increase of £114,485 on 2013-14 and is a result of the increase number pupils.

5. Early Years Budgets

5.1 In the February 2014 budget report to Schools Forum, it was highlighted that it would be necessary to review the budget provision for the 3 and 4 year old nursery places following the announcement of the funding allocations from the DfE.

5.2 Since preparing the initial budget in February, further work has been undertaken to calculate the estimated placement costs for 3 and 4 year olds in both the Private, Voluntary and Independent (PVI) and Maintained Nursery units. In terms of the PVI settings the forecast budget requirement is £6m, which is also in line with the 2013-14 outturn. The maintained Nursery Units is expected to be slightly higher than in 2013-14 and therefore it is recommended to retain the budget at the current level.

5.3 Even with allocating the additional funding of £114,000 against these budgets, the forecast for 2014-15 is an overspend in the region of £250,000.

6. High Needs Budgets

6.1. The High Needs budget is used to support a range of services as shown in Appendix 2. The initial determination of this budget in February required £16.104m compared to the High Needs funding allocation from the DfE of £15.172m; now £15.464m after the revised allocation.

6.2. Since approving the initial budget, there have been a number of developments and changes in requirements for High Needs support, such as the number of SEN places within the Special Schools. These changes and the related financial pressures are set out below.

Special Schools Places & Top-Up Funding

- 6.3. The Education service has identified a requirement for 23 additional SEN Places in September within Cliffdale and Mary Rose Special Schools. The SEN team and Inclusion Support Panel have considered a range of options for placing these pupils, but Cliffdale and Mary Rose are the deemed to be the most appropriate setting.
- 6.4. A further 10 pupils also require placement in September, however the SEN team have been able to work with the Willows Nursery School to secure placement within their existing commissioned numbers, but some configuration works to the school building are required.
- 6.5. The reason that these additional pupils were not identified when setting the budget was due to the timing of the return to the Department for Education with regards to commissioned High Needs places and the timing of the statutory assessment process. The DFE required the return to be submitted in December 2013 at which time the additional places required were not expected to be significantly different to the 2013-14 places. However the timing of the statutory assessment process and the communication of parental preferences meant that we were unable to identify the actual number of pupils concerned until early in the summer term.
- 6.6. In 2013-14, where the Special Schools had slightly exceeded the number of commissioned places, Element 3 top-up funding had been paid to school for these pupils, although no additional place funding was provided.
- 6.7. The Education Service has been in discussion with the Special Schools about these additional pupils in September. The Special Schools have categorically stated that from September they will not accept pupils over and above their commissioned places without both the Element 3 top-up funding and the full place funding (pro-rata) in future.
- 6.8. The table in Appendix 3 sets out the expected place funding and Element 3 top-up funding requirements arising from the additional places/pupils on a full year basis. Until the actual banding value for each of these pupils is identified it is not possible to determine the actual Element 3 top-up funding requirement. However appendix 3 provides an estimate based on both the current average top-up funding rates per pupil for those schools; as well as an estimate if all these pupils were at the highest band rates. Based on the average and highest top-up funding rates, the full year funding requirement for these additional pupils could range from £448,831 to £671,333 (including place funding).
- 6.9. For the period from September 2014 to 31st March 2015, the additional place and top-up funding requirement could range from £261,818 to £391,611.

- 6.10. When setting the original budget for 2014-15 in February, the element 3 Top-up budget included the full year impact of those pupils who started school in September 2013 and whose needs and subsequent costs were higher than the cohort that had left in July 2013. It is necessary to increase the budget provision to include any potential impact for future "band creep" should the needs of the September 2014 cohort be greater than those of the July 2014 leavers.

Medical Education and Individual Tuition

- 6.11. In setting the budget for 2013-14, Schools Forum agreed to a one-off funding allocation from the carry forward balance to the Harbour School of £220,000; in relation to additional teaching time required in respect of pupils receiving Hospital and Medical Education out of school. It was agreed that this would be reviewed during 2013-14 to ensure future sustainability.
- 6.12. As reported in February 2014, the review was not completed during 2013-14 due to changes in personnel in both the Local Authority and the School. In the February report it was also highlighted that a further paper would be presented to Schools Forum which may include a request for additional funding.
- 6.13. In January 2013, the DfE issued statutory guidance for Local Authorities¹ in respect of pupils who cannot attend school because of health needs.
- 6.14. The Harbour School have provided information to the Local Authority to demonstrate the need for the additional funding on a recurring basis, in order to allow them to provide the additional teaching time to these pupils. Since the beginning of this financial year, the Harbour School has continued to provide the increased teaching time despite the uncertainty about receiving this funding.
- 6.15. It is therefore recommended that Schools Forum support the allocation of £220,000 to the Harbour School in 2014-15 and that this funding be continue to be provided annually to meet the needs of these pupils.

¹ Ensuring a good education for children who cannot attend school because of health needs - statutory guidance for Local Authorities, DfE, January 2013

Out Of City Placements

6.16. As explained within the 2013-14 DSG outturn report, the Council has experienced a growth in the number of pupils being placed in out of city placements. Based on the current number of pupils (25) the forecast expenditure outturn for 2014-15 is £1,400,000, (after reflecting the contributions from Health and Social Care) compared to a budget of £1,200,000. The average net cost of a placement is c.£56,000. The Education Service is seeking to reduce the number of pupils placed out of the City, over time by remodelling the special education provision available within the City

Post-16

6.17. As previously reported to Schools Forum, from September 2013 the Local Authority became responsible for the funding of high-needs support for post 16 pupils in education with special educational needs (SEN) and learning difficulties (LDD). At the time of setting the budget to 2014-15, officers were still working with the higher education institutions to determine the funding requirements for pupils in these settings. The final outturn for 2013-14 was £276,088. It is estimated that the funding requirement for 2014-15 to support 56 pupils, will amount to circa £450,000 (an average cost per pupil of £8,000). As the funding is directly linked to the pupils, if the number of pupils or their levels of need change, then the funding required will also change throughout the year. The change of pupils in the new Academic year in September is also likely to create fluctuations in the funding requirement during the year.

6.18. In setting the budget for 2014-15, £315,000 was set aside to fund the post 16 requirements. However based on these latest estimates a further £135,000 is estimated to be required in order to meet the current forecast; although if the demand rises, this revised budget provision may be exceeded.

7. Balancing The Budget

7.1. Clearly, there are a significant number of financial pressures arising in 2014-15 as a result of increased demand, complexity of pupil numbers and the new funding arrangements. The sections below set out proposals for balancing the budget in-year and proposals for 2015-16 onwards

Budget revision proposals for 2014-15

Early Years

7.2. As set out in section 5, the forecast expenditure requirement for 3 and 4 year old places is expected to exceed the current budget provision by £250,000 in 2014-15.

7.3. In setting the budget for 2 year old provision, it was agreed that all of the funding provided by the DfE for 2 year old places be set-aside to support the continued growth in this area. However, as the number of places is growing steadily with the continued expansion of provision in this area to meet the DfE targets, it is likely that there will again be an under-spend at the end of the year. It is too early in the year to provide any accurate forecasts, but it is expected to be sufficient to meet the pressure in the 3 & 4 year old budget, based on last year's underspend.

High Needs

7.4. As outlined in section 6, there are a number of budget pressures in respect of the High Needs provision. The table below shows the current estimated financial pressures for 2014-15, together with the full year effect for 2015-16.

| High Needs Provision | 2014-15 £ | 2015-16 Full Year Effect £ |
|--|----------------------|---|
| 23 Additional Special School Places (including Element 3 top-up funding) ² | 327,000 | 560,000 |
| Element 3 Top Funding 'Band Creep' | 185,000 | 318,000 |
| Medical & Individual Tuition | 220,000 | 220,000 |
| Out of City Placements | 200,000 | 200,000 |
| Post-16 | 135,000 | 135,000 |
| TOTAL | 1,067,000 | 1,433,000 |

7.5. In order to re-balance the budget for 2014-15, it will be necessary to redirect funding from other areas. However, as the funding formula for early years, primary schools and secondary schools cannot be amended once the funding period has commenced, the options available to meet these pressures within the DSG are limited. The proposals for meeting the financial pressures within the financial year are as follows:

- i. £292,000 to be funded from the additional High Needs funding recently announced by the DfE.
- ii. £391,000 to be re-allocated from the Falling Rolls Fund to support the above budgets. As reported to Schools Forum in April, this fund will not be fully utilised this year. Funding will need to be identified in setting the 2015-16 if this fund is to continue in operation.
- iii. £384,000 is allocated on a one-off basis from the 2013-14 carry forward to meet the remaining High Needs budget pressures in 2014-15. However, it should be recognised that these pressures are expected to continue in future years and a more sustainable

² Based on mid-point between the average and highest band rate estimates.

funding source will need to be identified in setting the 2015-16 budget.

- 7.6. The carry-forward from 2013-14 into 2014-15 amounted to £2.313m as detailed within the DSG outturn report on this agenda. The current planned use of this carry forward and the remaining balance is shown below:

| | £m |
|---|--------------|
| Carry-forward balance from 2013-14 | 2.313 |
| Feb 14 Schools Forum agreement to balance budget | (0.095) |
| Feb 14 Schools Forum agreement to allocate 2 year old trajectory funding underspend to 14-15 budget | (0.421) |
| Proposed use to support High Needs pressures in 2014-15 | (0.384) |
| Remaining carry-forward balance | 1.413 |

Budget Proposals for 2015-16

- 7.7. In setting the budget for 2015-16, it will be necessary to set a balanced budget which reflects the growing pressure in terms of both demand and complexity of need in the High Needs Block.
- 7.8. For 2015-16, the Dedicated Schools Grant allocation for the High Needs block will remain cash flat and will not fluctuate directly in relation to changes in pupil numbers as is the cash with the Early Years and School Block funding.
- 7.9. Therefore in setting the budget for 2015-16 it will be necessary to look at options available to meet the increasing financial pressures in the High Needs budgets. Options currently being considered include:
- i. Ceasing or reducing the funding available to support of the Growth Fund. This could release up to £300,000.
 - ii. Ceasing or reducing the operation of the 'exceptional circumstances funding' to mainstream schools. This funding is used to target additional funding, in exceptional circumstances, to schools and academies with a higher proportion of 'low incidence high cost statements'. This could release up to £360,000.
 - iii. Curtailing the level of support provided through the Falling Rolls Fund. The fund was established in 2014-15 to provide support the Secondary Schools, where Numbers of Roll have reduced significantly. It is recognised that some support will be required in 2015-16 for certain schools and Academies, but the level of that support has yet to be determined. The total fund set aside in 2015-16 was £500,000.

- iv. Ceasing to top-slice the funding for 'Outreach' Services. The service would need to become a 'traded service' from 1 April 2015 in order for it to continue to operate. This could release up to £290,000.
 - v. Transferring funding from the schools and Academies to the High Needs budgets through reducing the funding formula allocation. If all of the options above were agreed (excluding the Falling Rolls Fund), based on our current estimates for 2015-16, a further £483,000 would be required. Based on the current pupil numbers, this would mean a reduction of approximately £21.00 per pupil through the 'Basic Per Pupil Entitlement' funding factor.
- 7.10. In respect of the proposals to reduce funding to schools in 2015-16, it is also proposed that an MFG disapplication request will be submitted to the DfE to enable this adjustment to be processed without creating MFG pressures in 2015-16.
- 7.11. In summary it is necessary for a balanced budget to be established for 2015-16 and future years. In order to achieve a balanced budget proposal for 2015-16 it will be necessary for officers to continue to review and monitor the activity in 2014-15 in order to provide realistic financial estimates for 2015-16. It will also be necessary to review and put forward proposals for Schools Forum approval in respect of the options set out in section 7.9.

8. SEN Strategy Group

- 8.1. The Education Service is seeking to agree an SEN strategy to identify priorities and monitor progress towards these, in particular, they looking to remodel the SEN provision within the city in order to ensure that there is a continuum of support available to meet the range of identified needs. Provision will need to include specialist provision, resourced units within mainstream schools and support available within mainstream classes. This work will be steered and overseen by a strategic SEN steering group, which will operate as a subgroup of the Children's Trust Priority G Board and will comprise of senior leaders from education (early years, schools and further education settings), local authority, health and care.

9. 2014-15 Growth Fund

- 9.1. The Growth fund was established to support schools where they have seen a significant increase in pupils over a sustained period of time (two years). The funding covers the period the additional pupils are in the school (September to March), but funding does not recognise the increase until the following financial year. Based on current estimates

taken from the September 2014 admission data (as at June 2014), it is expected that 7 schools could receive growth funding at a cost of £366,700 on a budget of £300,000 in 2014-15, which is unaffordable.

9.2. Rather than alter the criteria, which covers those schools that have supported the authority by taking additional pupils and increasing the published admission number, it is proposed to reduce the payment from the current rate of 7/12th of the per pupil basic entitlement for Primary (£1,593) and 7/12th of the key stage 3 basic entitlement for Secondary (£2,128) to an affordable flat rate per pupil

9.3. When setting the budget in 2013-14, for the first year of growth funding, it was estimated that an amount of approximately £187,000 would be required (based on January NOR Forecasts), the actual cost was £331,400 an increase of 44%. This would mean a reduction in the rates to £700 per primary pupil and £1,000 per secondary pupil, however the Finance team have worked with Admissions and pupil place planning teams to refine the data to reflect the planned admissions for September 2014 (as at June 2014) and ensure greater accuracy within the forecast, it is therefore proposed to revise the following rates for 2014-15 growth funding

- Primary £1,100 per pupil for the difference in pupils between the October 2013 and October 2014 census NOR
- Secondary £1,500 per pupil for the difference in pupils between the October 2013 and October 2014 census NOR

9.4. Assuming that there are no changes to the forecast pupil numbers, these rates would bring the budget in with an underspend of approximately £50,000, whilst leaving some flexibility should the actual pupil numbers be higher than the estimate. Any underspend in the current year will be used to support the increased costs in the high needs block.

9.5. The proposed adjustment to the rates payable will be subject to the approval of both Schools Forum and the Department of Education as they are happening mid financial year. A copy of the current and revised Growth fund criteria can be found at Appendices 4 and 5 respectively, with the changes highlighted in bold.

10. Reasons for recommendations

Schools Forum is recommended to endorse the proposals contained within the report to amend the DSG budget for 2014-15, to meet the forecast financial pressures in respect of Early Years and High Needs budgets. It is necessary for the Local Authority to set a balanced DSG budget for 2015-16; it is therefore recommended that the Forum support the recommendation that officers develop proposals for 2015-16.

11. 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.

12. Legal Services' comments

Legal comments have been included within the body of this report

13. Head of Finance's comments

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

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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 |
|--|--|
| School and Early Years Finance (England) Regulations 2013 | www.legislation.gov.uk |
| DfE - Dedicated Schools Grant allocations 2014-15 and supporting information | www.education.gov.uk |
| Dedicated Schools Grant budget estimates and monitoring records | Education Finance |

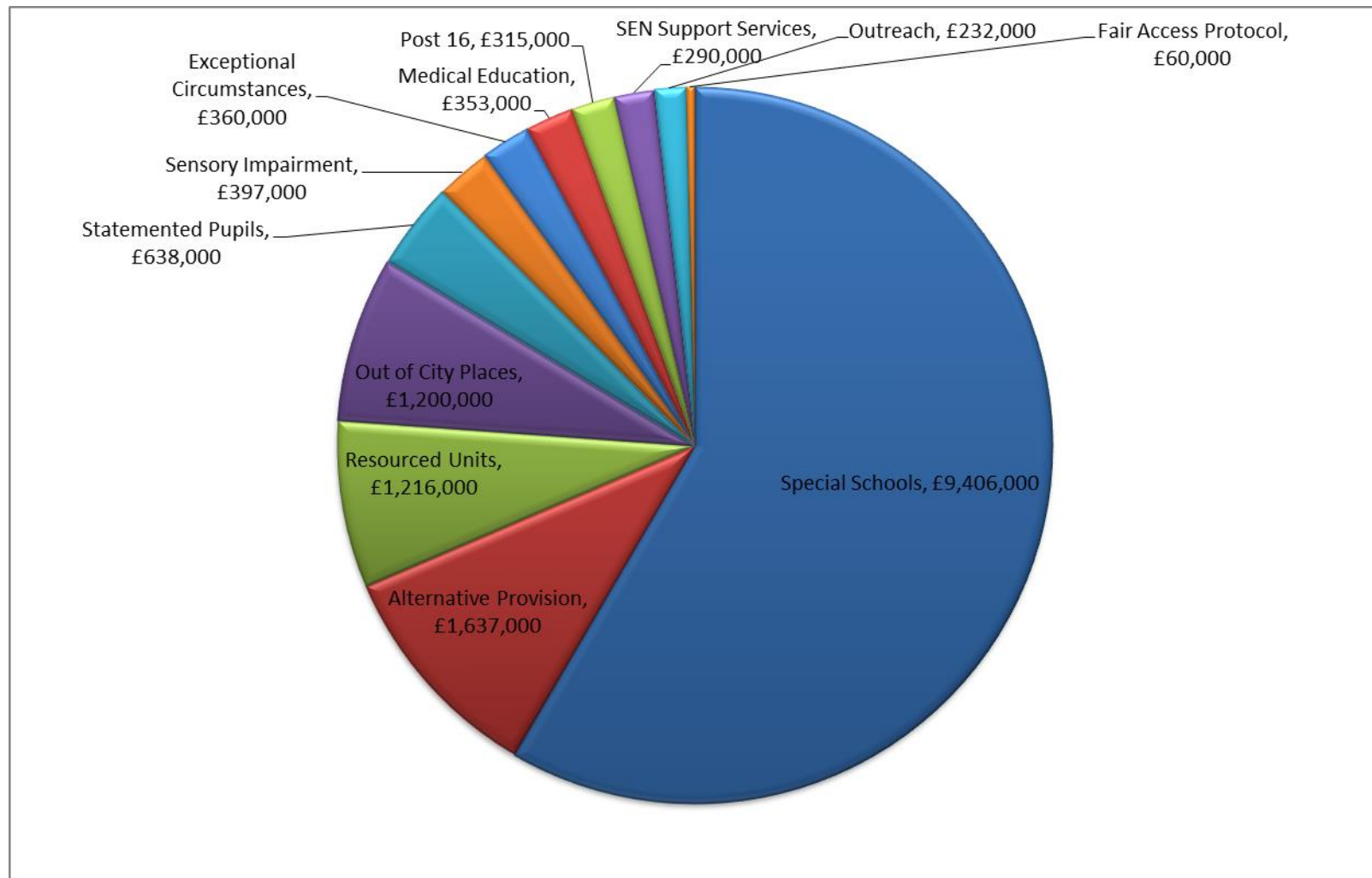
The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

Appendix 1 - Budget Summary

| | 2014-15 Budget (including Academies) (approved 26 th Feb 2014) | Proposed Budget Revisions | Revised 2014-15 Budget (including Academies) | Revised 2014-15 Budget (excluding Academies) |
|--|--|--|---|---|
| | £000 | £000 | £000 | £000 |
| <i>Individual School Budgets (ISB)</i> | | | | |
| Primary | 58,837 | - | 58,837 | 52,728 |
| Secondary | 43,666 | - | 43,666 | 36,352 |
| Special School Place Funding | 4,960 | 134 | 5,094 | 2,804 |
| Resourced Unit Place Funding | 870 | - | 870 | 580 |
| Alternative Provision Place Funding | 1,304 | - | 1,304 | 1,304 |
| | 109,637 | 134 | 109,771 | 93,768 |
| <i>De-delegated and central budgets</i> | | | | |
| Growth Fund | 300 | - | 300 | 300 |
| Falling Rolls Fund | 500 | (391) | 109 | 109 |
| De-delegated budgets | 1,485 | - | 1,485 | 1,485 |
| Licences | 64 | - | 64 | 64 |
| Schools Forum | 15 | - | 15 | 15 |
| Admissions | 252 | - | 252 | 252 |
| Carbon Credit | 0 | - | 0 | 0 |
| | 2,616 | (391) | 2,225 | 2,225 |
| <i>Early Years</i> | | | | |
| 3 & 4 Year Old Provision | 7,445 | 114 | 7,559 | 7,559 |
| 2 Year Old Provision | 3,271 | 421 | 3,692 | 3,692 |
| Central Expenditure on under 5 | 398 | - | 398 | 398 |
| | 11,114 | 535 | 11,649 | 11,649 |
| <i>High Needs</i> | | | | |
| Element 3 Top-up funding | 6,439 | 513 | 6,952 | 6,952 |
| Out of City Placements | 1,200 | 200 | 1,400 | 1,400 |
| SEN Support Services | 687 | - | 687 | 687 |
| Medical Education | 353 | 220 | 573 | 573 |
| Outreach Services | 232 | - | 232 | 232 |
| Fair Access Protocol | 60 | - | 60 | 60 |
| | 8,971 | 933 | 9,904 | 9,904 |
| Total Expenditure | 132,338 | 1,211 | 133,549 | 117,546 |
| DSG Income | (132,243) | (406) | (132,649) | (116,646) |
| One-off use of Carry Forward * | (95) | (805) | (900) | (900) |
| Total Income | (132,338) | (1,211) | (133,549) | (117,546) |

* £95k agreed by Schools Forum in January 2014





Appendix 3 - Additional Funding Requirement

| School | Additional places | Place funding | | Top-up funding | | | | | | Band A | | Mid point | | Average | |
|--------------|-------------------|----------------|----------------|---------------------|----------------|----------------|---------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | | | | Full Year - 2015-16 | | | Part Year - 2014-15 | | | 2015-16 | 2014-15 | 2015-16 | 2014-15 | 2015-16 | 2014-15 |
| | | Full Year | Part Year | Band A | Mid Point | Average | Band A | Mid Point | Average | Place and Top-up | Place and Top-up | Place and Top-up | Place and Top-up | Place and Top-up | Place and Top-up |
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Mary Rose | 13 | 130,000 | 75,833 | 252,993 | 201,343 | 149,693 | 147,579 | 117,450 | 87,321 | 382,993 | 223,413 | 331,343 | 193,283 | 279,693 | 163,154 |
| Cliffdale | 10 | 100,000 | 58,333 | 188,340 | 128,739 | 69,138 | 109,865 | 75,098 | 40,331 | 288,340 | 168,198 | 228,739 | 133,431 | 169,138 | 98,664 |
| Willows | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 23 | 230,000 | 134,167 | 441,333 | 330,082 | 218,831 | 257,444 | 192,548 | 127,651 | 671,333 | 391,611 | 560,082 | 326,714 | 448,831 | 261,818 |

Note: the mid-point amount has been calculated by deducting the average rate from the band A rate, dividing by 2 and then adding the average rate.

Appendix 4

Current Growth Fund Criteria

Exceptional Growth Fund

Applies to: Maintained schools and Academies

Significant and sustained

Following confirmation of the October 2014 pupil census, funding additional to the budget share will be allocated to schools that experience a significant and sustained growth in pupil numbers. The criteria (see below) to determine whether a school is eligible for additional growth funding were agreed by Schools Forum in February 2014.

Criteria

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

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

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

The one-off allocation from the growth fund to schools' who meet the above criteria, will be equal to 7/12ths of the 'Basic per Pupil Entitlement' of the current academic year's increase in the Number of Roll. For secondary schools, the Basic per Pupil Entitlement rate for Key Stage 3 will be used in the calculation.

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

For example – primary school

School has been requested by the Local Authority to increase the PAN from a 11/2 form entry to a two form entry from September 2013, e.g. increase in PAN of 15.

October 2012 NOR = 223 pupils used as the baseline

October 2013 NOR = 238 pupils (increase of 15 pupils and 6.7%)

October 2014 NOR = 250 pupils (increase of 12 pupils and 5%)

Additional funding will be allocated based on 12 pupils multiplied by 7/12 of the Basic per Pupil Entitlement of £2,731.50 for primary schools.

$$\frac{£2,731.50 \times 12}{12} \times 7 = £19,120.50 \text{ one off allocation for growth}$$

The 2014-15 one off funding will be allocated between January and March 2015, following confirmation from the DfE of the October 2014 pupil census numbers.

Appendix 5

Revised Growth Fund Proposals for 2014-15

Exceptional Growth Fund

Applies to: Maintained schools and Academies

Significant and sustained

Following confirmation of the October 2014 pupil census, funding additional to the budget share will be allocated to schools that experience a significant and sustained growth in pupil numbers.

Criteria

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

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

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

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

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

For example – primary school

School has been requested by the Local Authority to increase the PAN from a 11/2 form entry to a two form entry from September 2013, e.g. increase in PAN of 15.

October 2012 NOR = 223 pupils used as the baseline

October 2013 NOR = 238 pupils (increase of 15 pupils and 6.7%)

October 2014 NOR = 250 pupils (increase of 12 pupils and 5%)

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

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

The 2014-15 one off funding will be allocated between January and March 2015, following confirmation from the DfE of the October 2014 pupil census numbers.



Agenda item: **10**

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: Scheme for Financing Schools

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

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. This report outlines the proposed changes to the Scheme for Financing Schools which reflect the revisions required by the Department for Education (DfE) and have been consulted on with schools.

2. Recommendations

- 2.1. It is recommended that Schools Forum approve the revised Scheme for Financing Schools attached at Appendix 1.

3. Background

- 3.1. During February 2014 the DfE issued a revised scheme for financing schools to include the recent changes to legislation as set out in The School and Early Years Finance (England) Regulations 2013. These proposals have been incorporated within the Portsmouth City Council Scheme for Financing Schools. The revised scheme will become effective once approved by Schools Forum.
- 3.2. Consultation on the changes to the scheme took place between the 16 June and the 30 June 2014, with Head-teachers, Governors and Finance staff. Any responses to the consultation will be reported at the meeting.

4. Directed Revisions

- 4.1. The document has been revised to ensure consistency of language, the correct use of titles for responsible officers and updated hyperlinks to further information:
- 4.2. The main changes to the scheme are fairly limited and have been summarised below:
 - a. Section 2, paragraph 2.8, clarification that where schools refusing to provide an audit certificate following the audit of voluntary and private funds will be considered to be in breach of the scheme and that the authority can take action on that basis.
 - b. Section 2, paragraph 2.8 has been revised to include a timescale for submitting the unofficial accounts to the Governing Body and the Local Authority.
 - c. Section 2, paragraph 2.13 a new paragraph clarifying that the Secretary of State may prescribe additional purposes for which expenditure against the school budget share
 - d. Section 2, paragraph 2.15 clarifies that where a governing body has complied with the requirements of a notice of concern the authority will provide notice of the withdrawal of the notice in writing.
 - e. Section 3, paragraph 3.1, clarifies that:
 - a. where schools are converting to academy status part way through a year, they will receive a proportion of the budget share equal to the number of months maintained.
 - b. any requests to move to a local a bank account arrangement must be made at least three months prior to the start of the financial year.
 - f. Section 4, paragraph 4.2 and Annex 6 have been updated to reflect the changes to the process concerning controls on surplus balances agreed at Schools Forum on 26 February 2014.
 - g. Section 6, paragraph 6.23 explains the circumstances in which the costs of industrial tribunals will be charged to a schools budget.
 - h. Section 7, paragraph 7.1 includes an additional paragraph relating the VAT status of voluntary aided schools when maintaining the external fabric of the building.
 - i. Section 10, paragraph 10.1 identifies the location of information regarding insurance claims procedures.

- j. Section 12, paragraph 12.1 the paragraph has been updated to reflect the revenue funding and the governing body responsibilities regarding repairs and maintenance of school buildings

- 4.3. The revised version of the Scheme for Financing Schools, once approved, will be issued to schools (including Head Teachers, Governors and Finance Staff) and made available on Intranet and the external website

5. Reasons for recommendations

- 5.1. The Scheme for Financing Schools has been amended to take account of the revisions required by the Department for Education as well as other local amendments and will become effective once approved by Schools Forum.

6. 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.

7. Legal comments

Legal comments have been included within the body of this report

8. Head of Finance's comments

There are no additional financial implications arising from these proposals.

.....
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 |
|--|---|
| Statutory Guidance - Schemes for Financing Schools | https://www.gov.uk/government/publications/schemes-for-financing-schools |

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

.....
Signed by:

Scheme for Financing Schools

July 2014

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1. INTRODUCTION

1.1 The Funding Framework

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

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

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

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

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

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

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

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

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

1.2 Role of the Scheme

The scheme will govern the financial relationship between the Authority and its maintained schools from 16th July 2014. It defines the requirements relating to financial management and associated issues under which both parties are bound.

1.2.1 Application of the scheme to the Authority and maintained schools

This scheme will apply to all of the community, nursery, voluntary, foundation, community special or foundation special schools and pupil referral units (PRUs)

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

maintained by the Authority as listed in Annex 1. This scheme does not apply to Academy schools.

1.3 Publication of the scheme

The Scheme for Financing Schools and any subsequent amendments will be published on the Authority's website and internal network where it is accessible to all school staff and governors. [\[Financial Rules 1- 4\]](#) and [\[Financial Rules 5-7\]](#)

1.4 Revision of the Scheme

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

1.5 Delegation of powers to the head teacher

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

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

1.6 Maintenance of Schools

Portsmouth City Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some expenses are, by statute, payable by the governing body). Part of the way an Authority

maintains its schools is through the funding system put in place under sections 45 to 53 of the SSAF Act 1998.

2. FINANCIAL CONTROLS

2.1 General Procedures

2.1.1 Application of financial controls to schools

Schools are required to abide by the provisions contained within the City Council's Financial Rules and Standing Orders, which have been sent separately to all schools. The Rules are also available on the City Council's website at: [Contract Procedure Rules](#), summary of the main points is given below:

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

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

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

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

2.1.2 Provision of financial information and reports

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

Under s.151 of the Local Government Act 1972 the Authority's Chief Financial Officer (Section 151 Officer) is responsible for the maintenance of proper

accounting records. The Section 151 Officer therefore must approve the use of the accounting system used by schools.

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

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

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

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

2.1.3 Payment of salaries; payment of bills

See paragraphs 2.1.3.1 – 2.1.3.6

2.1.3.1 Personnel Management

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

Under Local Management, the governors will have responsibility to determine the stance they will take on various employment matters; adherence to the provisions of the manual (and adoption of the model processes) will mitigate the possibility of individual or collective difficulties arising. It must be emphasised that, whilst it is legitimate to “dip into” specific parts of the manual to establish the proper stance to be adopted in a particular situation, the manual is attempting to highlight the importance of the ongoing, continuous approach towards the appointment and development of staff. In this context, issues like induction, appraisal, training and communication become a natural and obvious part of the process of employing people.

2.1.3.2 Payment of Salaries and Wages

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

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

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

2.1.3.3 Purchasing Matters

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

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

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

2.1.3.4 Control of assets

Each school must maintain an inventory, which as a basic minimum includes all items with a value of over £200 or which are deemed portable and attractive. The information required of inventory items over £1,000 should be consistent with the requirements of Portsmouth City Council's Financial Rules and should be kept up to date. A copy of the up to date inventory should be kept off site.

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

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

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

A model inventory log sheet is provided at Annex 4.

2.1.3.5 Accounting Policies (including year-end procedures)

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

2.1.3.6 Writing off of debts

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

2.2 Basis of accounting

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

2.3 Submission of budget plans

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

In addition schools must submit a summary of:

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

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

any revisions to the budget plan must be approved and recorded in the minutes by the full governing body.

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

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

2.3.1 Submission of financial forecasts

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

2.4 Efficiency and Value for Money

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

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

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

2.5 Virement

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

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

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

2.6 Audit: General

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

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

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

2.7 Separate external audits

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

2.8 Audit of voluntary and private funds

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

2.9 Register of business interests

The governing body of each school must maintain a current register which lists for each member of the governing body, the Head teacher and any member of staff with financial responsibilities, any business interests, they or any member of their immediate family have. This register should be updated regularly and the entries should be thoroughly reviewed annually. The register should be available for inspection by governors, staff and parents and the Authority.

2.10 Purchasing, tendering and contracting requirements

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

- To seek Local Authority officer countersignature for any contract for goods or services for a value below £60,000 in any one year;
- To select supplies only from an approved list;
- To do anything incompatible with any provision of the scheme, or any statutory provision or any European Union Procurement Directive;
- To seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year;

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

2.11 Application of contracts to schools

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

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

Governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts; however in

most cases they do so, on behalf of Portsmouth City Council. There are a few exceptions where contracts may be made solely on behalf of the governing body, for example, contracts made by aided or foundation schools for the employment of staff.

2.12 Central funds and earmarking

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

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

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

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

2.13 Spending for the purposes of the school

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

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

2.14 Capital spending from budget shares

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

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

2.15 Notice of concern

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

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

These may include:

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

example by requiring a school to submit income projections and / or financial monitoring reports on such activities.

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

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

2.16 Schools Financial Value Standard

All Local Authority maintained schools (including nursery schools and Pupil Referral Units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at what time in the year they wish to complete the form.

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

All maintained schools with a delegated budget must submit the form to Portsmouth City Council by 31st March 2014 and annually thereafter.

2.17 Fraud

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

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

3. INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

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

3.1 Frequency of instalments

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

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

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

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

Top up payments for pupils with high needs will be paid termly in advance, based on the schools budget share and adjusted for actual pupils in the following term, in line with the budget share guidance **INSERT LINK TO GUIDANCE** except at year end where the adjustment will be made as part of the closedown process.

3.2 Proportion of budget share payable at each instalment

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

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

3.3 Interest clawback

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

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

3.3.1 Interest on late budget share payments

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

3.4 Budget shares for closing schools

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

3.5 Bank and building society accounts

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

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

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

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

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

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

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

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

Schools are not permitted to overdraw their bank accounts.

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

3.5.1 Restrictions on accounts

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

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

3.6 Borrowing by schools

School governing bodies may only borrow external monies with the written permission of the Secretary of State.

External borrowing is defined as-

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

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

Voluntary aided schools may take out a loan from the Diocesan Authority to pay for capital works only with prior consent of the Section 151 Officer. Loan repayments for approved loans may be charged against the delegated budget share.

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

4.1 The right to carry forward surplus balances

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

4.2 Controls on surplus balances

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

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

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

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

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

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

4.3 Interest on surplus balances

The following interest rates will be paid on surplus balances:

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

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

4.4 Obligation to carry forward deficit balances

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

4.5 Planning for deficit budgets

Schools may not set a deficit budget or plan to go into deficit without first discussing this with the City Council. The Director of Children's Services and the Section 151 Officer would expect to agree with the school a plan of action, which will reduce the deficit and return to a breakeven position over a reasonable period which would not exceed three years. This process is regarded as an important management discipline, so as to support the school in managing its own affairs.

4.6 Charging of interest on deficit balances

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

4.7 Writing off deficits

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

The maximum length of time allowed for repayment should not exceed 3 years except where a longer term has already been agreed.

4.8 Balances of closing and replacement schools

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

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

4.9 Licensed deficits

See paragraph 4.5 above.

4.10 Loan schemes

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

5. INCOME

5.1 Income from lettings

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

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

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

5.2 Income from fees and charges

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

5.3 Income from fund-raising activities

Schools will retain all income from fund raising-activities.

5.4 Income from the sale of assets

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

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

5.5 Purposes for which income may be used

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

6. THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General provision

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

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

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

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

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

6.2 Circumstances in which charges may be made

- 6.2.1 Where premature retirement costs have been incurred without the prior written agreement of Portsmouth City Council to bear such costs (the amount chargeable being only the excess over any amount agreed by Portsmouth City Council);
- 6.2.2 Other expenditure incurred to secure resignations where the school had not followed Portsmouth City Council advice;
- 6.2.3 Awards by courts and industrial tribunals or out of court settlements against Portsmouth City Council arising from action or inaction by the governing body contrary to Portsmouth City Council's advice;

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

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

the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;

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

7. TAXATION

7.1 Value Added Tax

Schools should follow Portsmouth City Council's procedures for accounting for Value Added Tax (VAT) (as detailed in the Financial Rules) to enable the Authority to claim back VAT paid on expenditure relating to non-business activity.

The VAT reclaimed which relates to schools expenditure from their budget shares will be passed back to the school.

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

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

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

7.2 CIS (Construction Industry Scheme)

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

8. THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of services from centrally retained budgets

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

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

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

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

8.2.1 Packaging

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

8.3 Service Level Agreements [SLA]

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

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

8.4 Teachers' pensions

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

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

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

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

9. PRIVATE FINANCE INITIATIVE [PFI] CLAUSES

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

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

10. INSURANCE

10.1 Insurance Cover

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

Details of the legal protection for governors, both individually and collectively, in carrying out their approved duties are set out below, together with details of other cover in respect of property, employees, voluntary helpers and pupils. For the sake of brevity no mention has been made of the detailed claims procedures to be followed for individual claims under the various categories, it being the responsibility of the school or Portsmouth City Council to process such claims. Details of the claims procedures can be found in the Insurance Fund Management Policy via the intranet: [Insurance Fund Management Policy](#) Terms and conditions for each policy may also apply and schools should check the new one to ensure that they comply.

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

The general principle is that the first £500 of each and every claim is borne by the service (in this case the school) and the next £49,500 of each and every claim is internally funded. External insurers will underwrite only claims in excess of £50,000.

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

10.2 School Governors - Officials Indemnity and Liability Cover

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

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

A breach of professional duty by reason of negligent error occurring and committed in good faith would be covered by the City Council's Officials' Indemnity policy, is subject to £50,000 excess for which, the school is responsible for the first £500 with the balance of £49,500 being met from the City Council's internal funds

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

Claims in respect of any dishonest act of any governor or employee handling City Council monies are covered by the City Council's Fidelity Guarantee Policy in respect of all City funds. The City Council's external insurance cover is subject to £50,000 excess for which the school is responsible for the first £500 with the balance of £49,500 being met from the City Council's internal funds. Cover includes a school's share under formula funding and also funds from private funding (e.g. PTA contributions) after they have been paid into the school account. Although Schools would be able to recover monies so misappropriated, the individual(s) concerned would still be responsible for meeting any claims made by the City's insurers under the insurers rights of subrogation i.e. insurers rights to recover amounts paid to the insured.

(c) Liability at Law for Libel and Slander

Such liability is covered by the City Council through external insurers subject to £50,000 excess for which the school is responsible for the first £500 with the balance of £49,500 being met from the City Council's internal funds.

(d) Legal Fees

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

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

Governors and staff, including volunteers, are indemnified against any third party claims arising from accidents, involving personal injury on or off the premises, for damage to, or loss of property for which the City Council has a legal liability, providing the governor or member of staff is acting within the scope of their duties, or employment respectively. The City Council will cover this risk by purchasing external insurance with a limit of £50m, which is subject to £50,000 excess for which the school is responsible for the first £500 with the balance of £49,500 being met from the City Council's internal funds. Any injured party must prove negligence on behalf of the Authority, its servants or agents (including governors under delegated arrangement) before any damages can be paid.

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

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

10.3 Buildings

All City Council owned education buildings are externally insured by the Council and subject to £100,000 excess for which the school is responsible for the first £500 with the balance of £99,500 being met from the City Council's internal funds. Where damage is caused by a third party e.g. motor vehicle, the Insurance & Risk Officer will seek to recover the City Council's costs from the third party concerned. Any damages received will first clear any amount paid by the City Council. If all losses are recovered the excess paid by the school will be repaid.

10.4 Property and Equipment

(a) City Council Owned Contents and Equipment

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

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

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

(b) Equipment Hired or Loaned

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

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

(c) Equipment Owned by Staff / Pupils

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

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

10.5 Employees and Others

(a) Personal Accident Cover

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

(b) Indemnity against Acts of Negligence

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

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

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

(d) Home Visits by Teachers

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

10.6 Community Use of School Premises

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

10.7 Events Involving Hazardous Displays

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

10.8 School and Unofficial Funds

(a) Official/Unofficial School Funds

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

10.9 Pupils and Students - Indemnity/Insurance

(a) School Activities

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

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

(b) Pupils and Students - School Journey Insurance Policy

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

(c) Work Experience and Participation

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

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

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

(d) Pupils and Students - Conveyance in Private Cars

(i) By Parents

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

(ii) By Teachers

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

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

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

10.10 School Minibus

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

11. MISCELLANEOUS

11.1 Right of access to information

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

11.2 Liability of governors

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

11.3 Governors' expenses

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

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

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

11.4 Responsibility for legal costs

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

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

11.5 Health and Safety

Portsmouth City Council (or in the case of Aided schools, the governing body) will retain the primary responsibility as the employer of staff under the Health and Safety Act 1974. This responsibility extends both to pupils and students and to members of the public visiting schools and colleges.

Governing bodies are required in spending the school's budget share to have due regard to the City Council's Health and Safety Policy. Governing bodies will have direct responsibility for the following functions:

- (a) Formulating, disseminating and keeping under review a site specific health and safety management system in the context of Council policy;
- (b) The purchase and maintenance of equipment (including fire fighting equipment);
- (c) The maintenance and repair of premises where the Scheme indicates these to be the responsibility of the governing body;
- (d) Cleaning, both indoors and outdoors.

In fulfilling their health and safety functions governing bodies should have regard to guidance on health and safety matters from the City Council and should ensure that, if they choose to make use of contractors who are not on the Authority's approved list, those contractors conform to appropriate health and safety standards in the goods and / or services which they provide.

Where a governing body fails to comply with the Council's Health and Safety Policy, the Council will undertake the necessary work and reserves the right to

charge the cost to the School's budget, except in circumstances where any failure to comply is directly attributable to inherited conditions.

11.6 Right of attendance for Section 151 Officer [CFO]

Governing bodies must permit the Section 151 Officer or any officer of the Authority nominated by the Section 151 Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of his responsibilities.

11.7 Special Educational Needs

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

11.8 'Whistleblowing'

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

11.9 Child Protection

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

11.10 Redundancy and Early Retirement Costs

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

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

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

Where staff are employed under the community facilities power, costs must be met by the school governing body and can be funded from the school's delegated budget.

12. RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

12.1 Delegated funding

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

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

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

13. COMMUNITY FACILITIES

13.1 Introduction

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

- regulations made under s.27(1) can specify activities which may not be undertaken at all under the main enabling power,
- the governing body is obliged to consult its Local Education Authority (LA) and have regard to advice from the Authority (s.28(4a)),
- the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that (s.28(5)).

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

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

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

13.2 Consultation with the Authority – financial aspects

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, governing bodies must consult Portsmouth City Council, and have regard to advice given to them by the City Council. Governing bodies seeking to exercise the community facilities power should contact the Head of Education and Strategic Commissioning. Any advice will be provided within a reasonable timescale.

13.3 Funding agreements – Authority powers

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

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

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

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

13.4 Other prohibitions, restrictions and limitations

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

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

13.5 Supply of financial information

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

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

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

Schedule 15 of the Education Act 2002 provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share.

13.6 Audit

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

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

13.7 Treatment of income and surpluses

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

13.8 Health and safety

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

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

13.9 Insurance

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

13.10 Taxation

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

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

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

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

13.11 Banking

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

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

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

14. Annex 1 – SCHEDULE OF PORTSMOUTH SCHOOLS

NURSERY SCHOOLS

| DfE no. | Name |
|----------------|--------------|
| 1000 | The Brambles |

PRIMARY SCHOOLS

| DfE no. | Name | Special unit type | Places |
|----------------|---------------------------|------------------------------|---------------|
| 2005 | Arundel Court Primary | | |
| 2002 | Charles Dickens Primary | | |
| 2653 | College Park Infant | | |
| 2695 | Copnor Infant | | |
| 2701 | Copnor Junior | | |
| 3420 | Corpus Christi RC Primary | | |
| 2689 | Cottage Grove Primary | | |
| 2677 | Court Lane Infant | | |
| 2644 | Court Lane Junior | | |
| 2716 | Craneswater Junior | | |
| 2665 | Cumberland Infant | | |
| 2648 | Devonshire Infant | Nurture & Assessment | 12 |
| 2714 | Fernhurst Junior | | |
| 2690 | Gatcombe Park Primary | | |
| 2637 | Goldsmith Infant | | |
| 2674 | Highbury Primary | | |
| 2707 | Isambard Brunel Junior | | |
| 2694 | Langstone Infant | | |
| 2700 | Langstone Junior | | |
| 2719 | Manor Infant | | |
| 2673 | Medina Primary | | |
| 2654 | Meon Infant | | |
| 2715 | Meon Junior | | |
| 2645 | Meredith Infant | | |
| 2702 | Milton Park Federated | Autistic Spectrum Conditions | 14 |
| 2709 | Moorings Way Infant | | |
| 2720 | Newbridge Junior | | |
| 2658 | Northern Parade Federated | Hearing Impaired | 6 |
| 2697 | Penhale Infant | Hearing Impaired | 6 |
| 2765 | Portsdown Primary | Nurture & Assessment | 10 |
| 2679 | Solent Infant | | |
| 2666 | Solent Junior | | |
| 2680 | Southsea Infant | Language Impaired | 8 |
| 3422 | St John's RC Primary | | |
| 3212 | St Jude's CE Primary | | |
| 5207 | St Paul's RC Primary | | |
| 3423 | St Swithun's RC Primary | | |

| DfE no. | Name | Special unit type | Places |
|----------------|--------------------------------|--------------------------|---------------|
| 2698 | Stamshaw Infant | | |
| 2706 | Stamshaw Junior | | |
| 3214 | St George's Beneficial Primary | | |
| 2670 | Westover Primary | | |
| 2699 | Wimborne Infant | | |
| 2705 | Wimborne Junior | | |

SECONDARY SCHOOLS

| DfE no. | Name | special unit type | places |
|----------------|--------------------------|--------------------------|---------------|
| 5404 | City of Portsmouth Boys' | | |
| 4302 | King Richard | | |
| 4303 | Mayfield | | |
| 4000 | Miltoncross | | |
| 4283 | Priory | | |
| 4301 | Springfield | | |
| 5413 | St Edmund's | | |

SPECIAL SCHOOLS

| DfE no. | Name | special unit type | places |
|----------------|--------------|--------------------------|---------------|
| 7472 | The Harbour | | |
| 7046 | Redwood Park | | |
| 7750 | Willows | | |

15. Annex 2 – INTEREST CLAWBACK FORMULA

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

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

A. For schools using PCC Payroll Services

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

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

where

B is the total school budget share

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

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

For example - based on a 30 day month

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

The daily interest rate would be 0.015%.

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

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

B. For schools not using PCC Payroll Services

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

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

where

B is the total school budget share

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

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

For example - based on a 30 day month

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

The daily interest rate would be 0.015%.

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

$$((1,000,000 - 800,000) \times 15 \times 0.00015) + (800,000 \times 30 \times 0.00015) \\ = £4,050$$

16. Annex 3 – CHARGES FOR SCHOOL ACTIVITIES

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

1 Instrumental Music Tuition

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

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

2 Board and Lodging

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

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

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

3 Remissions Policy

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

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

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

5 Voluntary Contributions

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

6 "Third Party" Arrangements

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

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

17. Annex 4 – INVENTORY SHEET

School:

Page Number:

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

School:

Page Number:

| <i>Date of Issue</i> | <i>Details of Equipment Including Serial No</i> | <i>Reason for Issue</i> | <i>Signature of Recipient</i> | <i>Issue Approved by (signature)</i> | <i>Period of Issue</i> | <i>Equipment Returned (date)</i> | <i>Equipment Received by (signature)</i> |
|----------------------|---|-------------------------|-------------------------------|--------------------------------------|------------------------|----------------------------------|--|
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DISPOSAL OF EQUIPMENT AND FURNITURE

School:

Page Number:

| Quantity | Description | Make and Serial Number | Date Supplied (if known) | Approx. Value (if known) | Recommended Method of Disposal | Approved Method of Disposal |
|----------|-------------|---------------------------|-----------------------------|-----------------------------|--------------------------------------|-----------------------------------|
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Disposal requested by Head teacher (Signature)

Date

Disposal authorised by Chair of Governors (Signature)

Date

18. Annex 5 – HIRE OF SCHOOL FACILITIES

Name and Address of Applicant

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

Telephone Number

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

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

Name of Club / Organisation

.....

Facilities Required

.....
.....

Purpose of Hire

.....
.....

Age Group of Members

Start Date **End Date**

Start Time **End Time**

Day/s required

Terms and Conditions

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

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

7. The applicant is over 18 years old.

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

Signed:.....

Name in Full:

For and on behalf of:

Date:.....

Office use only

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

Name of applicant:

Address:

.....

.....

Facilities required:

.....

Date/s required:

Time/s required:

Charge to be made (per hour/session):

Authorised by name:

Position held:

Date authorised:

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

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



Agenda item:

11

Title of meeting: Schools Forum

Date of meeting: 16th July 2014

Subject: School Revenue Funding for 2015-16

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

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. This purpose of this report is to:

- a. provide Schools Forum with an update on the progress and developments on the implementation of the school revenue funding arrangements for 2015-16; and
- b. seek the necessary approvals at this stage in the process.

2. Recommendations

2.1. It is recommended that Schools Forum:

- a. Endorse the principles proposed by the working groups in Appendices 2 and 3, to guide and inform the development of the funding arrangements for 2015-16.
- b. Acknowledge the mainstream funding working groups proposals:
 - i. not to alter the lump sum factor in 2015-16;
 - ii. not to introduce the split site funding factor in 2015-16;

for the reasons set out in section 5 of this report.

- c. Note that the mainstream funding formula consultation will be issued early in the autumn term and any feedback from schools will be presented to the Schools Forum meeting in October.

- d. Endorse the submission to the DfE of the necessary Minimum Funding Guarantee (MFG) exceptions and dis-applications.
- e. Acknowledge the proposal that any changes to the unit values attached to funding factors in 2015-16 in order to maintain overall affordability, will be limited to the following formula factors:
 - Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump sum
 - Percentage of the financial cap
- f. Note the recent announcements from the DfE in respect of the High Needs funding arrangements as set out in paragraphs 6.1a to 6.1d.
- g. Acknowledge the Special working groups continued support for the existing Element 3 top-up funding system for Special Schools, and the proposed review of the banding descriptors.
- h. Acknowledge the proposal not to amend the band values for Special Schools in setting the budget for 2015-16.
- i. Note the proposed changes for 2015-16 in respect of the de-delegated budgets from maintained schools as set out in section 7.
- j. Note the next steps in the development of the 2015-16 funding arrangements as set out in section 9.
- k. Consider and approve one of the following options:
 - i. Approve the proposed criteria and funding allocation methodology for the Falling Rolls Fund in 2015-16 as set out in Appendix 5, subject to approval by the Department for Education; or
 - ii. Cease the operation of the Falling Rolls Fund in 2015-16.

3. Background

- 3.1. A report was presented to Schools Forum in April which set out details of the Department for Education's (DfE's) "Fairer Schools Funding in 2015-16" consultation.
- 3.2. In addition the report contained a proposal to set up working groups, (one for mainstream and one for special schools) to support the implementation of the funding arrangements for 2015-16.
- 3.3. This report therefore sets out the progress and developments since that meeting.

4. Working Groups

- 4.1. At the meeting in April, Schools Forum agreed to set up working groups (one for mainstream schools and one for the special schools) to support the implementation of the funding arrangements for 2015-16.
- 4.2. Since the meeting, both groups have been established and the membership of each group is shown at Appendix 1.
- 4.3. As in previous years, the first task of each group was to agree a set of principles which would guide and inform the financial modelling exercises, necessary in developing the funding arrangements for 2015-16. The principles agreed by each group are shown in Appendices 2 and 3. It is recommended that Schools Forum review and agree these principles.
- 4.4. Both groups have met twice since the Schools Forum meeting in April. The later sections of this report set out the progress and decisions made by the groups to date.

5. Mainstream Schools

- 5.1. In the consultation document issued by the DfE earlier this year, it was confirmed that they are not proposing any significant changes to the school revenue funding formula for Primary and Secondary schools in 2015-16. The DfE are reviewing the Sparsity factor that was introduced in 2014-15, but as this factor is not used by Portsmouth, there will be no impact.
- 5.2. The mainstream working group has been reviewing the following areas of the funding formula:
 - a. considering whether to reduce the lump sum amount and reallocate the funding through another factor; to prevent this becoming an obstacle to future school amalgamations; and
 - b. considering the need for a 'split site' funding factor, following the recent and planned school amalgamations.
- 5.3. The working group has considered these issues and the progress to date is set out below:

Lump sum

- 5.4. The working group requested the following 'lump sum' options to be modelled for both Primary and Secondary schools:
- No lump sum
 - A lump of £50,000
 - A lump sum of £75,000
 - A lump sum £100,000
- 5.5. Any funds released through the reduction of the current lump sum amount are reallocated to schools via the basic per pupil entitlement, thus increasing the amount each school would get per pupil on roll.
- 5.6. To ensure that the impact of the proposed changes could be measured on a like for like basis the modelling assumed that the proposed lump sums were implemented from 2014-15. Thus enabling any movement in the overall and individual schools budgets to be compared to the current position. An initial comparison between the current DSG allocation to mainstream schools and the impact of the modelled options on the future funding requirements, showed an increase in requirement as set out below.

| Lump sum | Total School Funding Requirement | Additional funding requirement |
|---------------------------|---|---------------------------------------|
| | £ | £ |
| £139,150 - current | 103,988,917 | 0 |
| £100,000 | 104,149,031 | 160,114 |
| £75,000 | 104,250,034 | 261,116 |
| £50,000 | 104,323,279 | 334,361 |
| £0 | 104,433,821 | 444,904 |

- 5.7. The table above demonstrates that by decreasing the lump sum and reallocating funding through the basic entitlement factor, there is an increase in the funding requirement when compared to the current funding allocation of £103,988,917. This is due to the impact of the Minimum Funding Guarantee (MFG), where the amount of MFG payable increases as the lump sum decreases. Based on current pupil numbers this would make the option to reduce the lump sum unaffordable.

- 5.8. This was compounded when looking the impact of the least costly lump sum of £100,000 on the individual schools as set out in the table below.

| | Primary | | | Secondary | | |
|----------|-----------------------------------|----------------------------------|-----------|-----------------------------------|----------------------------------|-----------|
| Lump Sum | Schools who have seen an increase | Schools who have seen a decrease | No change | Schools who have seen an increase | Schools who have seen a decrease | No change |
| £0 | 35 | 15 | 0 | 6 | 4 | 0 |
| £50,000 | 35 | 15 | 0 | 5 | 5 | 0 |
| £75,000 | 35 | 15 | 0 | 5 | 5 | 0 |
| £100,000 | 37 | 13 | 0 | 5 | 5 | 0 |

- 5.9. Of the primary schools 74% would see an increase in their funding, with 16% seeing a decrease. Whilst the Secondary schools were more evenly split between a budget increase/decrease.
- 5.10. The financial impact on Primary schools saw a maximum increase in the budget share of £25,853 and a maximum decrease of £14,058. The decrease in budget share whilst effecting 13 schools had a greater impact on the smallest schools in the authority with the two smallest schools seeing a loss in excess of £10,000.
- 5.11. When discussing the results with the working group, further modelling of the lump sum at amounts between £100,000 and £130,000 was considered, but it was felt that the decrease in funding for the smallest schools in the authority was not acceptable and therefore it was agreed that the lump sum should remain at £139,150 for both Primary and Secondary schools in 2015-16.

Split Site Factor

- 5.12. Initial research exploring the use of the split site funding factor by other local authorities was shared with the working group. Of the options available the working group agreed that a number were over complex and it would be difficult for a school to know how much it would receive. Two simple options were selected for further modelling:
- Luton Borough Council - £250.00 per pupil based at the subsidiary site
 - Hampshire County Council - £50,000 lump sum for the subsidiary site.
- 5.13. Discussions with the Education Department indicated that there are a number of potential amalgamations being discussed with schools, two of which had sites that could be considered to be split sites. Therefore the modelling was based on the two infant schools that were a distance away

from the main junior school campus. It was agreed that this factor would only affect Primary schools as amalgamation was not an option that was being considered for Secondary school sites.

5.14. As there is no additional funding available for the schools block to provide the funds for the new factor, funding was diverted from the basic per pupil entitlement for primary pupils.

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

| Scheme | Post MFG | | | Pre MFG | | |
|-----------|-----------------------------------|----------------------------------|-----------|-----------------------------------|----------------------------------|-----------|
| | Primary | | | Primary | | |
| | Schools who have seen an increase | Schools who have seen a decrease | No change | Schools who have seen an increase | Schools who have seen a decrease | No change |
| Luton | 0 | 13 | 37 | 2 | 48 | 0 |
| Hampshire | 0 | 13 | 37 | 2 | 48 | 0 |

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

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

5.18. No further work will be undertaken on these areas over the summer, based on the guidance and feedback from the working group. These findings will be presented to schools in the autumn as part of the annual funding formula consultation. Feedback from the consultation will be shared with Schools Forum to support the approval process in setting the funding formula for 2015-16.

Other Matters

- 5.19. The DfE will issue the draft funding proforma for 2015-16 to Local Authorities during the summer 2014. The 'draft proforma' will need to be completed and Schools Forum will be asked to approve this at the October meeting, prior to submission to the DfE at the end of October.
- 5.20. Additionally, prior to the 30th September, the Local Authority will need to submit the necessary Minimum Funding Guarantee (MFG) exceptions and dis-applications. These will include the request to vary Mayfield School's pupil numbers (as in 2014-15), in order to recognise the new intake of pupils as a result of the school becoming an 'all through school'
- 5.21. In setting the final budget for 2015-16 for Primary and Secondary schools, updated pupil data based on the October 2014 census will be provided by the DfE. As a result of the change in pupil numbers and pupil characteristics, it may be necessary to amend the final unit values attached to the funding formula factors, in order to maintain overall affordability.
- 5.22. In order to provide schools with some certainty, it is proposed that any changes to the unit values attached to funding factors will be limited to the following formula factors:
- Basic Per Pupil Entitlement
 - Prior Attainment
 - Lump sum
 - Percentage of the financial cap

6. Special Schools and Specialist Settings

- 6.1. At the recent National Fair Funding Conference a number of announcements were made in respect of the High Needs Funding arrangements for 2015-16, these included:
- a. The DfE are considering increasing the place funding rate for Alternative Provision settings from £8,000 to £10,000 per annum. However, there is unlikely to be any additional funding for this change and Local Authorities would need to fund the change from existing funding, such as through a change to the top-up rate.
 - b. The DfE have indicated that due to quality and timing issues with the school census and Individual Learner Records (ILR's), it is unlikely that they will rely on this for specialist settings, to determine the places and ultimately the place funding for 2015-16.

However, they also do not want to undertake a full place review exercise. Therefore they are considering rolling forward the 2014-

15 place numbers into 2015-16. They do recognise however, that they will need to develop a process for exceptions.

- c. The DfE recognised that the distribution of overall high needs block funding is out of date and in need of reform, but they currently lack the necessary information on Local Authority spending to undertake a reform and are considering how to approach this.
 - d. Further information on the funding arrangements for 2015-16 will be published in July 2014 and a consultation on the Financial Regulations will be undertaken over the summer and Early Autumn.
- 6.2. In addition to discussing the latest developments in High Needs funding as highlighted above, the Special Working Group considered the issues around the pressure on places in High Needs settings as well as the 'banding system' for Element 3 top-up funding in Special Schools.
- 6.3. Following research by the Finance team into the different Element 3 top-up funding models in other Local Authorities, it was clear that the models varied significantly between Authorities. After some consideration the working group supported the continuation of the existing model, but with a review of the banding descriptors to help provide greater clarity and rigour in assessing the appropriate level of need and therefore banding for pupils.
- 6.4. Whilst it is recognised that there is a growing financial pressure in relation to pupils in Special Schools both in terms of demand and complexity of needs, it is not currently proposed to reduce the value of each Element 3 top-up band by 1.5% for 2015-16; The financial saving estimated from the reduction in 2014-15 is £61,100 (or 0.8% of the overall budgeted funding for Special Schools).
- 6.5. Whilst a reduction in the band values would generate a small saving in the funding required for 2015-16, it is not considered to be a sustainable approach in the long term. A longer term solution to meeting, and if possible reducing, the demand currently placed on high needs settings is required. Therefore the SEN Support Commissioning Manager is establishing and 'SEN Strategy Group' to look at this issue across both the mainstream and specialist settings within the city, with the aspiration of developing a sustainable and affordable long term strategy. More details about the SEN Strategy Group can be found in a separate report (item 9) on this meeting's agenda.

7. De-Delegated Budgets

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

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

- 7.2. For 2015-16, we are currently only proposing to continue offering the option to de-delegate the 'union duties' element of the Special Staff Costs. This will mean that schools will be responsible for managing the costs of any staff on Maternity, Suspension and Jury Service in the same way as Academies from 1st April 2015. The reason behind this decision is that more schools are converting to Academy status, which is reducing the size of the pooled funds. Additionally, with reducing resources it is necessary to consider the staffing resources required to continue to support and administration of these pooled funds.
- 7.3. In summary, the de-delegation options that will be proposed to Schools Forum in October are set out in the table below. Details of the proposed changes will also be notified to schools at the same time as the consultation on the changes to the funding formula.

| Expenditure Item | De-delegation Proposals for 2015-16 |
|---|--|
| Administration of free school meals eligibility | Continue to de-delegate from maintained primary & secondary schools. |
| Licences or subscriptions | Continue to de-delegate from maintained primary & secondary schools. |

| Expenditure Item | De-delegation Proposals for 2015-16 |
|------------------------------------|--|
| Special Staff Costs: Union Duties. | De-delegate only union duties from maintained primary & secondary schools. |
| Behaviour Support | De-Delegate from maintained primary schools only. |
| Museum & Library Services | De-delegate from maintained primary schools only |

8. Falling Rolls Fund

- 8.1. At the 30th April 2014 meeting of Schools Forum, it was agreed to bring a report back to the 16th July meeting, with proposals for revising the Falling Rolls Fund criteria for 2015-16.
- 8.2. When setting the criteria for the Falling Rolls Fund, with the exception of the mandatory requirement that the school concerned has an Ofsted Judgement of Good or Outstanding; all other criteria are at the discretion of the local authority implementing the fund. A copy of the current criteria can be found at Appendix 4.
- 8.3. Any modelling of the potential call on the fund for 2015-16, has been based on the following assumptions:
 - All schools who meet the criteria will have an Ofsted Judgement of Good or Outstanding, although at the time of writing the report only one school meets the mandatory criteria.
 - Pupil numbers have been based on the admissions data for September 2014; this may change as school places are finalised over the summer.
- 8.4. Four options were modelled:
 - i. No change to the current funding allocation method.
 - ii. Using a flat rate of £1,000 per pupil rather than the basic per pupil entitlement factor for Primary and Key Stage 3 Secondary pupils.
 - iii. A lump Sum per school of £62,500.
 - iv. Funding for the average change in pupils over a two year period.
- 8.5. The following principles were applied in the financial modelling:
 - i. Affordability, in response to the budget challenges and the proposed options for balancing the budget, as explained in the report at item 9 of this meeting's agenda. The modelling considered the option of reducing the Falling Rolls Fun to approximately £250,000.

- ii. Provision of funding to support schools with falling rolls to maintain the current curriculum until the pupil numbers increase.
- 8.6. The modelling identified four Secondary schools that could potentially be eligible for the fund in 2015-16. The 'no change' position and the option using 'average pupil numbers exceed the current budget for 2014-15 of £500,000.
- 8.7. The results of the modelling are set out in the table below:

| Option | Number of schools eligible | Total cost |
|---------------------|----------------------------|------------|
| | | £ |
| No change | 4 | 700,000 |
| Flat rate £1,000 | 4 | 192,000 |
| Lump sum | 4 | 250,000 |
| Average pupil No's. | 4 | 806,000 |

- 8.8. Whilst the flat rate option is affordable, it would provide one of the schools with only £11,000 from the fund. Therefore only the lump sum option meets the affordability principle, whilst providing a level of funding to support the schools in maintaining their curriculum offer.
- 8.9. Appendix 5 sets out the proposed criteria for the falling rolls fund for 2015-16, but the key changes relate to the following:
- New criteria - Clarifies that the fund is only open to those schools or Academies who have seen a reduction in the number of pupils on roll between the October 2012 and October 2013 census as well as the October 2013 and October 2014 census.
 - Revised criteria - That the school has surplus capacity that exceeds 30 pupils or 20% of the published admission number (PAN) in the admitting year; for 2 academic years.
 - New criteria - Change to the funding allocation formula to a lump sum per school rather than a per pupil factor.
- 8.10. In recognition of the forecast financial challenges for 2015-16, it is necessary to revise the future Falling Rolls Fund criteria as detailed above. As a consequence of the financial challenges, Schools Forum will need to consider whether it is affordable to continue to operate a Falling Rolls Fund in future years.

9. Next Steps

- 9.1 The steps in developing the funding arrangements for 2015-16 are as follows:
- a. Officers will prepare the funding formula consultation document and issue this to schools and academies in Early September.
 - b. Officers will prepare and submit the MFG exception and disapplication requests for submission by 30 September 2014.
 - c. Officers will consider the financial pressure areas within the Dedicated Schools Grant budget, the impact and adjustments required to maintain overall affordability for 2015-16.
 - d. DfE will issue further guidance in respect of the High Needs budgets for 2015-16 in July 2014. The implications of this will need to be considered and reported back to Schools Forum in October.
 - e. The DfE will issue the draft funding proforma for 2015-16 to Local Authorities. This will need to be completed and Schools Forum will need to approve prior to submission to the DfE at the end of October.

10. Reasons for recommendations

This report sets out the progress and developments in respect of the implementation of the school revenue funding arrangements for 2015-16. Schools Forum are asked to note the progress and developments to date and and provide the necessary approvals at this stage in the process.

11. 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.

12. Legal comments

Legal comments have been included within the body of this report

13. Head of Finance's comments

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

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Signed by:

Appendices:

- Appendix 1 - Funding Working Group Membership
- Appendix 2 - Mainstream Working Group Principles
- Appendix 3 - Special Working Group Principles
- Appendix 4 - Falling Rolls Fund - Criteria for 2014-15
- Appendix 5 - Falling Rolls Fund - Proposed Criteria for 2015-16

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 Information | Education Finance |
| | |

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

.....
Signed by:

APPENDIX 1

Funding Working Groups Membership

1. Mainstream Working Group

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

2. Special Working Group

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

APPENDIX 2**School Funding Reform 2015-16
Principles
Mainstream Working Group**

1. There will be no additional funding. Department for Education (DfE) has confirmed that the starting point for Local Authority allocations for 2015-16 Dedicated Schools Grant will be the Guaranteed Units of Funding for 2014/15.
2. All primary & secondary schools will receive protected funding levels at minus 1.5% per pupil.
3. For modelling purposes funding for each phase should remain in same proportion / percentage of overall funding as in 2014-15.
4. Ceilings on gains will continue to be imposed to allow for overall affordability (the percentage level will need to be determined following the funding and data set announcements in December 2014).
5. We will seek to minimise the MFG and fluctuations in funding for schools.
6. Results of financial modelling will be shared with working groups and Schools Forum at a high level only (e.g. X schools lose more than £a or b%, Y schools gain more than £c or d%) to ensure that further proposals are informed by principles.
7. The formula factors for primary and secondary schools for 2015-16 will continue to be applied as they were in 2014-15; (with the exception of the lump sum and split site factor which will be reviewed by the working group) unless the October 2014 census data impacts on overall affordability.
8. Funding values for specific agreed factors will be adjusted to ensure overall affordability; and will be agreed by Schools Forum.
9. Members of the working group will be expected to seek views and input from their phases and to ensure their colleagues are aware of any consultations issued by the Local Authority in respect of school funding.

APPENDIX 3**School Funding Reform 2015-16
Principles
Special Working Group**

1. That the funding supports an inclusive ethos, where pupils' special educational needs across all phases of education will ordinarily be met in their local mainstream school, or through the continuum of locally maintained / funded provision including mainstream nurseries and schools, resourced provisions and units and special schools. Early years settings, schools and colleges will deliver high quality provision through their skilled staff, supported where necessary by specialists and experts
2. The Department for Education (DfE) has not yet confirmed how the 2015-16 Dedicated Schools Grant (DSG), High Needs Funding, will be allocated to the Local Authority for 2015-16. Early indications are to expect no additional funding for High Needs pupils. Any funding to support the increased growth in need and cost in the High Needs sector would come from either early years or mainstream schools setting, which could impact on the inclusive ethos of the authority.
3. The Local Authority and Special schools continue to work together to seek to provide sufficient funding to special schools whilst recognising that the funding is cash flat and we need to establish a sustainable solution.
4. The number of commissioned places will be agreed on an academic year basis as follows:
 - Pre 16 places - Total places per school
 - Post 16 places - Places for Portsmouth City Council only
5. For 2015-16 we are not intending to alter the Element 3 Top-up funding model (of bands A-H), however we are seeking to develop suggestions and proposals (in conjunction with the SEN Strategy Group) for a detailed long term strategy to provide a more sustainable funding arrangement
6. Outreach funding will continue to allocate as in 2014-15 for 2015-16. Schools Forum's agreement will be sought in the Autumn Term
7. Behaviour support arrangements for Primary schools will be presented to Schools Forum to seek agreement whether to continue to de-delegate from maintained schools. This will be sought between September and December 2014.
8. Members of the working group will be expected to seek views and input from schools not represented at the working group and to ensure their colleagues are aware of any consultations issued by the Local Authority in respect of school funding.

Appendix 4

The Falling Rolls fund - Criteria for 2014-15

Applies to: Maintained schools and Academies

Criteria for accessing the fund

- The fund is only available to Primary and Secondary maintained schools or Academies in Portsmouth.
- Financial support will be available only for schools:
 - Judged Good or Outstanding at their last Ofsted inspection.
 - Surplus capacity exceeds 30 pupils or 20% of the published admission number.
 - Local planning data shows a requirement for at least 50% of the surplus places within the next 3 financial years.
 - Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
 - The school will need to make redundancies in order to contain spending within its formula budget.
 - Where the school does not have a surplus revenue balance as at 31st March 2014 in excess of 5% (secondary) or 8% (primary) of its school budget share for the previous funding period (or the relevant academic years in the case of academies).

Funding Allocation

Schools and academies who meet the above criteria in 2014-15 must submit a request for financial support to the Finance Manager for Education and Children's Services by 15 April 2014.

Funding will be allocated using the following formula:

- The decrease in the number on roll between the October 2012 and October 2013 census, multiplied by the value of the 2014-15 Basic Per Pupil Entitlement factor.
- For Secondary schools, the Basic Per Pupil Entitlement Factor for Key Stage 3 will be used.

The maximum allocation to a school or academy from the fund will be limited to £300,000.

Appendix 5

The Falling Rolls Fund - Proposed Criteria for 2015-16

Applies to: Maintained schools and Academies

Criteria for accessing the fund

- The fund is only available to Primary and Secondary maintained schools or Academies in Portsmouth.
- Financial support will be available only for schools:
 - Judged Good or Outstanding at their last Ofsted inspection at the time of the funding allocation.
 - **Who have seen a decrease in the overall number on roll between:**
 - (a) the October 2012 and October 2013; and**
 - (b) the October 2013 and October 2014**

census data used for funding purposes.

- Surplus capacity exceeds 30 pupils or 20% of the published admission number. (PAN) **for the admitting year (e.g. Infant and Primary Schools; Reception, Junior Schools; Year 3, Secondary Schools; Year 7) for both the 2014-15 and 2015-16 academic years using the October census data.**
- Local planning data shows a requirement for at least 50% of the surplus places within the next 3 financial years.
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
- The school will need to make redundancies in order to contain spending within its formula budget.
- Where the school does not have a surplus revenue balance as at 31st March 2014 in excess of 5% (secondary) or 8% (primary) of its school budget share for the previous funding period (or the relevant academic years in the case of academies).

Funding Allocation

Schools and Academies who meet the above criteria in 2014-15 must submit a request for financial support to the Finance Manager for Education and Children's Services by 15 April 2015.

For Primary and Secondary schools or Academies who meet the criteria and have submitted a valid request for funding by the relevant deadline a one-off lump sum payment of £62,500 will be allocated.

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