



---

# NOTICE OF MEETING

---

## SCHOOLS FORUM

WEDNESDAY, 21 JANUARY 2015 AT 4.30PM

CONFERENCE ROOM A, SECOND FLOOR, THE CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

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

---

### Membership

#### Schools Members

One head teacher representative - nursery phase

Three head teacher representatives - primary phase

Two head teacher representatives - secondary phase

One head teacher representative - special phase

Five academy representatives

Five governors

#### Non School Members

Four Councillors (one from each political party)

16-19 representative

One representative from the following organisations:

The Anglican Diocese

The Roman Catholic Diocese

The Early Years providers (from the private, voluntary and independent sector)

---

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

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

## AGENDA

- 1 Apologies
- 2 Declarations of interests
- 3 Membership changes

**4 Minutes of the previous meeting held on 15 October 2014 and matters arising. (Pages 1 - 6)**

**5 School Revenue Funding Arrangements 2015-16 (Pages 7 - 18)**

Purpose.

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

**RECOMMENDED that Schools Members:**

- a Endorse the proposed changes to the mainstream schools revenue funding formula as set out in paragraph 5.6.**
- b Endorse the de-delegated unit values for 2015-16 as shown at Appendix 2.**
- c Endorse the amount of the growth fund for 2015-16 at £200,000.**
- d Endorse the school funding pro-forma at Appendix 3 for submission to the DfE on the 20th January 2015.**

**RECOMMENDED that Schools Forum:**

- e Note the financial context and challenges facing the Dedicated Schools Grant budgets as well as the wider Council as set out in section 4**
- f Endorse the proposals in respect of the funding for Outreach services (also known as PSENSP) as set out in section 7.**
- g Endorse the decision to cease the operation of the Exceptional Circumstances Fund from 1st April 2015.**
- h Note that the overall indicative Dedicated School Grant budget for 2015- 16 will be presented to a meeting in February for approval before the statutory deadline of the 28th February.**

**6 School Modernisation Capital Programme - Capital Contributions From Schools (Pages 19 - 32)**

Purpose

The purpose of this report is to seek approval for the schools capital contribution methodology to be used from 2015/16 onward. This follows the 'in principle' agreement from Schools Forum on 15 October 2014 and the subsequent consultation process for the proposed new methodology, which took place between 04 December 2014 and 08 January 2015.

**RECOMMENDED that the Schools Forum:**

- a) Note the principles adopted in determining the proposed contribution methodology, as set out in section 4 of this report.**
- b) Note the response and feedback to the consultation, as set out in Appendix 2.**

- c) Consider and approve one of the following methodologies for implementation from 01 April 2015:
- i. The proposed methodology, whereby all maintained schools contribute, as set out in section 5 of this report; or
  - ii. The alternative methodology, whereby only maintained schools having capital schemes delivered will contribute, as set out in section 7 of this report.

*(Note: the individual school governing bodies will need to agree to contribute).*

**7 Budget Monitoring Report as at 30 September 2014 (Pages 33 - 38)**

Purpose.

This purpose of this report is to inform Schools Forum of the projected year-end budget position for the Dedicated Schools Grant (DSG) as at the end of September 2014.

**RECOMMENDED that the Schools Forum note the forecast budget position for the financial year as at the end of September 2014.**

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

This page is intentionally left blank

# Agenda Item 4

## SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 15 October 2014 at 5pm in the Civic Offices, Portsmouth.

### Present

Mark Mitchell, Governor - Special (in the Chair)  
Clive Good, Governor, Primary  
Bruce Marr, Governor - Secondary  
Steve Sheehan, Governor - Primary

Fiona Calderbank, Head Teacher - Secondary  
Jackie Collins, Head Teacher - Primary  
Gareth Hughes, Head Teacher - Secondary  
David Jeapes, Head Teacher - Secondary  
Sarah Sadler, Head Teacher - Primary  
Karen Stocks, Head Teacher - Nursery  
Sue Wilson, Head Teacher - Primary

Alison Beane, Academy Representative  
Steve Frampton, 16-19 Representative  
Councillor Lynne Stagg

Councillor Neill Young, Cabinet Member for Children & Education attended as an observer.

### 36. Apologies

Councillor Ken Ferrett sent his apologies.

### 37. Declarations of Interest

Sarah Sadler and Mark Mitchell declared non-prejudicial interests in item 8 in relation to the behavioural support service.

### 38. Membership Changes

Richard Webb informed the Forum of the following changes:

#### Leavers.

The membership tenures of Mike Smith, Secondary Head Teacher and Suzy Horton Primary Governor had come to an end and they have stepped down. Richard Wharton, from the Anglican Diocese had left his role at the Diocese and had now stepped down.

#### New Members.

- David Jeapes, (re-appointed) and Gareth Hughes have been appointed by the phase conference as Secondary Head Teacher representatives.
- Steve Sheehan, Primary Governor (re-appointed).
- Jeff Williams, Anglican Diocese.
- Councillor Hannah Hockaday, Conservative representative.

Members' approaching the end of their tenure.

- Sue Wilson
- Karen Stocks
- Carole Damper.

Mark Mitchell asked that it be recorded on behalf of the Forum that Mike Smith be thanked for being an long standing active, informed and useful member of the Forum.

**39. Minutes of the previous meeting held on 16 July 2014 and matters arising**

Matters Arising.

Mike Stoneman, Strategic Commissioning Manager provided the Forum with an update on the catering contract negotiations and the new Universal Infant Free School meal (UIFSM) provision.

Over the past few months the council had been re-negotiating a variation to the contract on behalf of all those schools that form part of the contract. These discussions have been concluded and an extension to the existing contract has been offered until August 2019. The re-negotiated contract offers significant benefits to schools and academies, pupils and parents / carers. The key benefits can be summarised as follows:

- Cost of school meals to remain at £2.00 until August 2016, rising to £2.05 from September 2016. This price will be held until August 2019.
- Payback mechanism to generate an additional £600,000 over the remaining five year period of the contract (in addition to the £500,000 that would have been generated if the contract had remained unchanged). The total investment of £1.1m will be re-invested in the service.
- For secondary schools, the Council has agreed a profit share arrangement based on a ratio of 60:40 in the Council's favour when this sector reaches breakeven.
- Agreement by ISS to an additional investment worth £295,000. The investment will be used to modernise the school meals service and make school meal payments easier for all.

In response to questions, he clarified the following points:

- Overall feedback had been positive to the new UIFSMs. Issues that have arisen have been addressed promptly. These include some schools that had insufficient equipment and some where it had not been possible for all pupils to have their lunch in the allocated time.
- The new contract and the payback mechanism will be introduced retrospectively from 1 September 2014

Members agreed that the quality of the catering provision had improved over the last couple of years.

**40. School Funding Reform 2015 - 2016**

Richard Webb introduced the report and circulated a summary of the seven responses received to the funding formula consultation with schools and Academies (attached). In response to questions, clarified the following points:

- The seven schools that responded did not reply to every question..
- Between 1 April 2013 and 1 April 2015, the contributions to the Maternity pooled fund are expected to decrease by £129,000 (30%) as a result of schools converting to Academy status. 5 schools have converted to Academy status so far this year, resulting in a loss of funding to date of c.£43,000 (part year). The loss of funding to the fund will not necessarily correlate directly to a loss in expenditure.
- There were seven respondents who responded in relation to the proposal to cease the operation of the Maternity pooled fund. As at 31 March 2014, those seven schools had revenue balances of £1.018m. The value of the de-delegated funding from those seven schools was £46,558, which the schools would retain in 2015-16 if the de-delegation for this fund ended. As at 31 August 2014, the seven schools had only been reimbursed £8,159 from the pooled fund.
- David Jeapes suggested that Academy sponsors be asked with whom they are insured. Alison Beane replied that she would be willing to share their information.

**Schools Members:**

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

Expenditure Item	De-Delegation Proposed	
	Primary	Secondary
Administration of free school meals eligibility	Yes	Yes
Licences	Yes	Yes
Special Staff Costs: Union Duties only.	Yes	Yes

Expenditure Item	De-Delegation Proposed	
	Primary	Secondary
Schools Contingency Fund	Yes	Yes
Behaviour Support	Yes	No
Museum & Library Services	Yes	No

- e. **Agreed the proposed Growth Fund criteria for 2015-16 as set out on page 15 of the attached consultation document.**

*Note: all the above were approved unanimously. Item 'd' was voted on by phase.*

- f. **Agreed that Portsmouth will not operate a Falling Rolls Fund in 2015-16, for the reasons explained within the attached consultation document.**  
*(11 members voted for and 1 against).*
- g. **Noted that subject to the government's consultation on the Finance Regulations, the DfE are proposing to increase the funding for Alternative Provision places from £8,000 to £10,000 from 01 September 2015.**
- h. **Noted that if it is agreed to increase the funding for Alternative Provision places, the top-up rates for Flying Bull Primary and the Harbour School would need to be reduced as follows, in order to maintain overall affordability.**

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

#### **41. Schools Forum Constitution**

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

- Academy Proprietors must be represented on the Forum and they can choose to be represented by their head teacher, chair of governor, finance officer or other individual representing the proprietary body.
- Vacant positions are excluded when calculating whether the forum is quorate.

It was agreed Academies will be contacted by the clerk to request representatives to join the Schools Forum to fill the vacancies created in the proposed membership structure.



**The Schools Forum approved the revised constitution to take effect from 1 November 2014 subject to the following amendment: that membership include a Head Teacher to represent the maintained special schools.**  
*(Approved unanimously).*

**42. School modernisation and capital programme - capital contributions from schools**

In response to questions, Mike Stoneman, Strategic Commissioning Manager, Maria Smith, Senior Accountant and Richard Webb, Finance Manager clarified the following points:

- The proposal is that schools with balances below £25,000 would not contribute.
- If all maintained schools revenue balances reduced below £25,000 there would be no contributions under the proposal. However, this is unlikely as the currently surplus balances total over £10million.
- On page 53 the footnotes are the wrong way round
- A school might convert to an academy after having work completed.

Mark Mitchell reminded the Forum that a list of approved works are prioritised in the new year and the pooled money generated is used to fund them. He also commented that it is worth considering reviewing the amounts every two years rather than annually.

Julian Wooster asked the Forum to note that pooling resources is beneficial to schools.

**The Schools Forum agreed in principle that all maintained schools should contribute for essential capital works to maintained schools irrespective of whether the school was in the capital programme, and that a report is re-presented to the Forum following consultation of the options with schools.**

**43. Traded services - The Next Steps (presentation)**

Steve McIntyre, Traded Services Manager gave a presentation and in response to questions, clarified the following points:

- Potential competitors include Hampshire County Council, academy chains and commercial companies.
- The unique selling points are that it is locally based and driven by Head Teachers.
- There is potential to offer the service to Hampshire colleges.

Julian Wooster, Strategic Director explained that head teachers choose which services are included. He also noted that a group of schools in Bradford had set up a limited company.

Members discussed the inclusion of an ethics statement.

Mark Mitchell commented that the company encompasses many traded services that are currently offered in the new brochure. The benefits to schools could be significant if there is sufficient buy-in.

.....  
**The Schools Forum noted the presentation.**

**44. Dates of future meetings**

**The Schools Forum agreed the following meeting dates for 2015 (all starting at 4.30pm):**

**21 January**

**25 February**

**22 April**

**15 July.**

**45. Any other business.**

None.

The meeting concluded at 7:10pm.

Mark Mitchell  
Chair, Schools Forum.

# Agenda Item 5



Portsmouth  
CITY COUNCIL

Agenda item: **5**

<b>Title of meeting:</b>	Schools Forum
<b>Date of meeting:</b>	21st January 2015
<b>Subject:</b>	School Revenue Funding Arrangements - 2015-16
<b>Report from:</b>	Julian Wooster, Director of Children's and Adults Services
<b>Report by:</b>	Richard Webb, Finance Manager for Children's Services
<b>Wards affected:</b>	All Wards
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

---

## 1. Purpose of report

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

## 2. Recommendations

It is recommended that Schools Members:

- a. Endorse the proposed changes to the mainstream schools revenue funding formula as set out in paragraph 5.6.
- b. Endorse the de-delegated unit values for 2015-16 as shown at Appendix 2.
- c. Endorse the amount of the growth fund for 2015-16 at £200,000.
- d. Endorse the school funding pro-forma at Appendix 3 for submission to the DfE on the 20<sup>th</sup> January 2015.

It is recommended that Schools Forum:

- e. Note the financial context and challenges facing the Dedicated Schools Grant budgets as well as the wider Council as set out in section 4.

- f. Endorse the proposals in respect of the funding for Outreach services (also known as PSENSP) as set out in section 7.
- g. Endorse the decision to cease the operation of the Exceptional Circumstances Fund from 1<sup>st</sup> April 2015.
- h. Note that the overall indicative Dedicated School Grant budget for 2015-16 will be presented to a meeting in February for approval before the statutory deadline of the 28th February

### 3. Background

- 3.1. Schools Forum have received a number of reports and made a number of decisions over the past year, in respect of the School Revenue Funding Formula changes and the implementation of the arrangements for 2015-16.
- 3.2. The main purpose of this report is to seek approval for the final stage of the submission to the Department for Education (DfE) by the 20th January, of the 2015-16 mainstream school revenue funding pro-forma for the Primary and Secondary phases.

### 4. Financial Context

- 4.1 In July 2014, a report was presented to Schools Forum to seek revisions to the 2014-15 Dedicated Schools Grant (DSG) budget, which had originally been approved in February. The report highlighted the growing financial pressures within the High Needs area of the budget both in the current and future financial years. The table below shows forecasts of the financial pressures relating to the High Needs budgets as reported in July.

	2014-15 £	2015-16 Full Year Effect £
<b><i>Estimated High Need Financial Pressures:</i></b>		
23 Additional Special School Places (including Element 3 top-up funding)	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
<b>TOTAL</b>	<b>1,067,000</b>	<b>1,433,000</b>

- 4.2 In addition to High Needs, the report also highlighted growing financial pressures in the Early Years budgets as a result of a growth in the number of 3 & 4 year olds being funded. The growth is expected to create an overspend in the region of £250,000 in 2014-15; which is

anticipated to be offset by an underspend in the 2 year old funding budget.

- 4.3 Whilst the July report set out proposals for balancing the budget within the 2014-15 financial year; it also noted the need to fund the growing financial pressures within the DSG on a sustainable basis in future years. A number of options for balancing the budget in future years were highlighted in the July report, which Schools Forum Members agreed for officers to develop and present to future meetings of the Forum. This report includes proposals in respect of the Outreach funding and the Exceptional Circumstances funding.
- 4.4 The government has also announced that the 2 year old funding arrangements, (in terms of the funding the Council receives) will move from the current 'lump sum' allocation basis to a 'participation' funding basis in 2015-16 (i.e. based on actual number of 2 years olds in Nursery settings on a census date). As a result of this change, it is expected that the DSG may experience further financial pressure. This pressure will be as a result of a continued growth in the number of 2 years olds in Nursery settings, with a funding source initially based on the January 2015 census count.
- 4.5 The DfE has confirmed that the initial funding allocation for 2015-16 will be issued in June 2015. Therefore at this stage in the budget setting process, the actual income and expenditure for 2015-16 in respect of the 2 year old funding are unknown. It is estimated that there will be 890 pupils at the time of the January 2015 census count. The number of eligible 2 year olds in Nursery settings is expected to continue to grow towards the current target of 1200, but the timing of this is unknown. A mid-year census count will be used by the DfE to adjust funding in year to reflect any significant increases in take-up of the entitlement; although specific details about this process have not yet been announced.
- 4.6 As Members will be aware, the Council also needs to identify £37m of savings from its budget over the three years to 2017-18. On the 9<sup>th</sup> December 2014, the Full Council agreed savings proposals amounting to £13.1m. Included within these proposals was a requirement for the DSG to fund £200,000 of eligible expenditure (in accordance with the Early Years and Schools Finance (England) Regulations) currently being funded by the Council. Further details regarding the expenditure to funded will be included with the February budget report.
- 4.7 To provide Schools Forum Members with a greater understanding of the estimated financial position of the DSG in 2015-16, Appendix 1 includes a budget analysis, showing the current 2014-15 revised budget together with an early draft of the expected financial requirements for 2015-16.

- 4.8 The draft budget at Appendix 1 includes the adjustments for the pressures referred to above, together with other expected requirements in 2015-16. The 'Indicative Budget' for 2015-16 will be presented to a meeting in February for approval before the statutory deadline of the 28<sup>th</sup> February.

## **5. School Revenue Funding Formula Changes 2015-16**

- 5.1 At the Schools Forum meeting on the 15th October, Members agreed the mainstream formula factors to be used in the 2015-16 school revenue funding formula, together with the choices that the Council had made in implementing these locally.
- 5.2 Following the endorsement of the draft funding pro-forma by Members, the pro-forma was submitted to the DfE. The DfE have now confirmed that this draft pro-forma is compliant with the required criteria.
- 5.3 The reduction in the Primary 'lump sum' from £139,150 to £130,000 was the only change to the proposed funding formula factors to be used in 2015-16, compared to 2014-15. The purpose of this reduction was to support the amalgamation process of primary phase schools. The funding removed from the lump sum factor was to be redirected to the 'basic per pupil entitlement' factor.
- 5.4 In October, it was also highlighted that in setting the final funding formula for 2015-16, it was likely that the final unit values may require amendment. These changes would be required in order to maintain affordability and minimise the impact of fluctuations in funding at the school level, and would be limited to the following formula factors:
- Prior attainment
  - Basic Per Pupil Entitlement
  - Lump sum
  - The percentage of the financial cap
- 5.5 In the budget revision report presented to Schools Forum in July, it was highlighted that in order to balance the overall DSG budget and fund the growing financial pressures on a sustainable basis, it was expected that the school funding would need to be reduced by £21.00 per pupil.
- 5.6 In finalising the attached school revenue funding proforma at Appendix 3 and in order to maintain overall affordability in the DSG, it has been necessary to reduce the Basic Per Pupil Entitlement factor by £22.00 per pupil across all school phases. This includes a reduction of £2.50 per pupil in order to fund the expected increase in the central licensing budget as explained in section 6 below.
- 5.7 The amount set aside for the Growth Fund for 2015-16 is £200,000.

5.8 The final proposed funding pro-forma for 2015-16 is attached at Appendix 3.

## 6. De-delegated Central Funding

6.1 At the Schools Forum meeting on the 15<sup>th</sup> October, School Members voted by phase to de-delegate from maintained schools, the relevant budgets to central control. The table at Appendix 2 shows the budgets which Members agreed to de-delegate in 2015-16, together with the proposed unit values for 2015-16 and the comparative values for 2014-15.

6.2 On the 17<sup>th</sup> December 2014, the DfE announced that they have agreed to purchase a single national licence for additional licences previously funded through de-delegation from maintained schools. The DfE has therefore now agreed with the following agencies to purchase a single national licence managed by them for all state funded schools in England:

- Christian Copyright Licensing International (CCLI) **(new for 15-16)**;
- Copyright Licensing Agency (CLA);
- Education Recording Agency (ERA);
- Filmbank Distributions Ltd (for the PVSL);
- Mechanical Copyright Protection Society (MCPS) **(new for 15-16)**;
- Motion Picture Licensing Company (MPLC);
- Newspaper Licensing Authority (NLA);
- Performing Rights Society (PRS) **(new for 15-16)**;
- Phonographic Performance Limited (PPL) **(new for 15-16)**; and
- Schools Printed Music Licence (SPML).

6.3 As these licences will now be managed centrally, additional funding will need to be held centrally in order to fund the cost of them. The DfE will send Local Authorities details of the charges in January 2015. However, they are indicating that the amount to be charged is likely to be around two thirds higher than in 2014-15 nationally, as a result inclusion of non-recoupment academies, etc. It is not anticipated that Portsmouth's cost will increase by two thirds, but a prudent provision of £120,000 has been included within the draft budget at this stage.

6.4 Therefore it will only be necessary de-delegate funding from maintained schools in 2015-16 for the CLEAPSS (Consortium of Local Education Authorities for the Provision of Science Services) licence at £0.11 per pupil.

## **7. Outreach**

- 7.1 As mentioned earlier, in July 2014 one of the options that schools Forum were asked to consider was the cessation of the 'top-slice' arrangement for the funding of Outreach services (also known as PSENSP) and it becoming a fully traded service from April 2015. The current budget is £232,000.
- 7.2 Whilst recognising the requirement to balance the overall budget, the Inclusion team are proposing an alternative option in relation to the provision of Outreach funding in the future, that would involve a mix of 'top-sliced' funding and traded income in order to provide the necessary support in this area.
- 7.3 This mixed model would involve one service specification for the delivery of Outreach support for those services where the LA has a statutory duty to ensure a continuum of support, e.g. for those with an SEN statement or Education Health and Care Plan in mainstream provision. Additional support could be commissioned directly by schools, as required.
- 7.4 It is proposed that for the period 1 April 2015 to 31 August 2015, that funding for Outreach services is provided to Special Schools proportionately at the current rates. Based on the proposal above, the services would become part traded with effect from 1<sup>st</sup> September 2015 and the Schools would be expected to generate a proportion of their funding.
- 7.5 As further work is required to be undertaken by the Inclusion Service in consultation with the Special Schools to develop these arrangements, we anticipate retaining two thirds of the current funding for the period 1 September 2015 to 31<sup>st</sup> March 2016. This would deliver a saving in 2015-16 of £45,000.
- 7.6 In 2016-17 it is expected that the arrangements would deliver a full year saving of between £77,000 and £154,000.

## **8. Exceptional Circumstances Funding**

- 8.1 The exceptional circumstances funding had previously been set aside to support schools that had a higher than average number of pupils on roll with high incidence, low cost Special Educational Needs.
- 8.2 Included within the consultation document issued to schools in the autumn term last year, it was highlighted that level of funding set aside for this purpose could no longer be supported. It had been indicated that consideration would be given as to how to better target the funding at those schools where high incidence, low cost pupils form a larger than average percentage of the number on roll.



- 8.3 However, it is now proposed to cease the operation of this fund from the 1<sup>st</sup> April 2015 for the following reasons:
- the level of funding allocated in 2014-15 from this fund amounted to only £80,000 based on the pupil data;
  - the majority of schools are not anticipating the use of this funding, as it does not form part of the schools budget share statement and the funding is issued during the financial year; and
  - due to the other high needs financial pressure, the funding needs be re-directed towards meeting these so as reduce the impact on other areas of the DSG.
- 8.4 Nationally, with the introduction of the new national funding arrangements for SEN from April 2013, there has been a move away from the distinction between high and low incidence needs and greater consistency about what schools are expected to fund from their delegated SEN funding, in addition to 'ordinarily available provision'.
- 8.5 In Portsmouth, Priority G of the Children's Trust Plan includes a strong focus on inclusion and a number of work-streams have been developed, overseen by the SEN Strategy Group (a sub-group of the Priority G Strategy Board) to ensure that we make best use of the expertise and resources available within the city to ensure that provision is in place to meet the educational needs of all Portsmouth children.
- 8.6 Therefore, whilst we remain committed to promoting inclusive practice within the city, the changes that have taken place nationally (outlined in 8.4) and also the work that is taking place locally (outlined in 8.5) suggest that the removal of the Exceptional Circumstances Funding is not expected to have a significant impact on schools' provision of SEN Support.

## **9. Reasons for recommendations**

Members are recommended to endorse the proposals contained within this report and to note the estimated financial position of the DSG in 2015-16. Local Authorities are required to obtain Schools Forum approval of the revenue funding proforma for 2015-16, which is to be submitted to the DfE by the 20<sup>th</sup> January 2015.

## **10. 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.

**11. Legal comments**

The School and Early Years Finance (England) Regulations 2014 require local authorities to determine, for the financial year 2015-2016, budget shares for schools maintained by them and amounts to be allocated in respect of early years provision in their areas, in accordance with the appropriate formulae. The recommendations in this report have regard to the requirements of those regulations.

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

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

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

**Appendices:**

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

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

<b>Title of document</b>	<b>Location</b>
2015-16 Revenue Funding Arrangements: Operational Information for Local Authorities	DfE Website
The School and Early Years Finance (England) Regulations 2014	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
School revenue funding working papers	Education Finance

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

.....  
 Signed by:

**Appendix 1 - Budget Summary Forecast**

	Revised	Estimated	Draft
--	---------	-----------	-------



	<b>2014-15 Budget (including Academies)</b>	<b>Budget Revisions</b>	<b>2015-16 Budget Estimate (including Academies)</b>
	£000	£000	£000
<b>Individual School Budgets (ISB)</b>			
Primary	58,837	2,055	60,892
Secondary	43,666	(54)	43,612
Special School Place Funding	5,094	94	5,188
Resourced Unit Place Funding	870	32	902
Alternative Provision Place Funding	1,304	190	1,494
	<b>109,771</b>	<b>2,317</b>	<b>112,088</b>
<b>De-delegated and central budgets</b>			
Growth Fund	300	(100)	200
Falling Rolls Fund	109	(109)	0
De-delegated budgets	1,485	(923)	562
Licences	64	56	120
Schools Forum	15	-	15
Admissions	252	-	252
	<b>2,225</b>	<b>(1,076)</b>	<b>1,149</b>
<b>Early Years</b>			
3 & 4 Year Old Provision	7,559	241	7,800
2 Year Old Provision	3,692	(814)	2,878
Central Expenditure on under 5	398	201	599
	<b>11,649</b>	<b>(372)</b>	<b>11,277</b>
<b>High Needs</b>			
Element 3 Top-up funding	6,952	(346)	6,606
Out of City Placements	1,400	150	1,550
SEN Support Services	687	-	687
Medical Education	573	-	573
Outreach Services	232	(45)	187
Fair Access Protocol	60	-	60
	<b>9,904</b>	<b>(241)</b>	<b>9,663</b>
<b>Total Expenditure</b>	<b>133,549</b>	<b>628</b>	<b>134,177</b>
DSG Income <sup>1</sup>	(129,300)	(1,999)	(131,299)
DSG Income (2 Year Old Funding) <sup>2</sup>	(3,349)	471	(2,878)
One-off use of Carry Forward	(900)	900	0
<b>Total Income</b>	<b>(133,549)</b>	<b>628</b>	<b>(134,177)</b>

<sup>1</sup> Per DfE allocations 17<sup>th</sup> December including provisional Early Years funding

<sup>2</sup> Estimated funding. Initial allocation will be announced by DfE in June 2015



**Appendix 2 - De-Delegated Budgets**

Expenditure Item	Phase	Basis	De-Delegation Rates		Notes
			2014-15 £	2015-16 £	
Administration of Free School Meals	Primary	NOR	£1.22	£1.25	Increased to cover the 2015-16 pay award
	Secondary		£1.67	£1.71	
Licences & Subscriptions	Primary	NOR	£0.45	£0.11	Includes the CLEAPSS Licence only. All licences now on national contract with DfE and are funded through centrally retained budget.
	Secondary		£0.39	£0.11	
Union Duties	Primary	NOR	£6.26	£3.53	The de-delegation relates to Union Duties only in 2015-16, therefore no direct comparison to 2014-15 which included maternity etc.
	Secondary		£14.81	£3.53	
Museum & Library Service	Primary	NOR	£1.12	£1.12	Primary schools only.
Schools Contingency Fund	Primary & Secondary	NOR	£10.00	£10.00	
Behaviour Support	Primary	NOR	£13.52	£13.52	Primary schools only. Secondary schools can purchase a traded service from the Harbour School.
	Primary	FSM	£40.14	£40.14	

NOR = Number on roll

FSM = Free school meals factor

Local Authority Funding Reform Proforma

LA Name: Portsmouth  
LA Number: 851

Pupil Led Factors

Description	Pupil Units		Pupil Units	Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	Yes	Amount per pupil					Primary Notional SEN (%)	Secondary Notional SEN (%)
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)			35.00					
Primary (Years R-6)		£2,739.16	15,236.00	£41,733,842		40.02%	6.00%	6.00%
Key Stage 3 (Years 7-9)		£3,626.31	4,879.00	£17,692,766	£73,686,897	16.97%	6.00%	6.00%
Key Stage 4 (Years 10-11)		£4,235.31	3,367.00	£14,260,289		13.67%	9	9
				Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
				£217,936				
FSM6 % Primary	£42.97	£70.72	5,071.81	£185,693			20.00%	20.00%
FSM6 % Secondary		£211.61	1,930.92	£807,467			20.00%	20.00%
IDACI Band 1	£630.69	£423.22	1,777.66	£1,513,792			20.00%	20.00%
IDACI Band 2	£946.03	£634.84	2,202.88	£7,800,999			20.00%	20.00%
IDACI Band 3	£1,261.38	£846.45	1,487.60	£7,525,589		12.38%	20.00%	20.00%
IDACI Band 4	£1,576.72	£1,058.06	1,525.44	£3,182,661			20.00%	20.00%
IDACI Band 5	£1,892.07	£1,269.67	668.55	£1,677,051			20.00%	20.00%
IDACI Band 6								
				Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
				£252,481		0.24%	10.00%	10.00%
3) Looked After Children (LAC)	£359.45	£2,811.00	89.82	£566,082	£1,170,831	0.88%		
4) English as an Additional Language (EAL)		£1,821.55	193.39	£352,268				
5) Mobility			4.80	£0		0.00%		
				Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
				£2,717,185	£7,526,137	7.22%	100.00%	100.00%
6) Prior attainment		£2,000.00	2,404.48	£4,808,952				

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£130,000.00	£139,150.00			£7,631,500	7.32%	
8) Sparsity factor					£0	0.00%	
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.							
Primary distance threshold (miles)				Fixed or tapered sparsity primary lump sum?		Fixed	
Secondary distance threshold (miles)				Fixed or tapered sparsity secondary lump sum?		Fixed	
Middle schools distance threshold (miles)				Fixed or tapered sparsity middle school lump sum?		Fixed	
All-through schools distance threshold (miles)				Fixed or tapered sparsity all-through lump sum?		Fixed	
9) Fringe Payments					£0	0.00%	
10) Split Sites					£0	0.00%	
11) Rates					£1,024,049	0.98%	
12) PF funding					£152,863	0.15%	
13) Sixth Form					£0	0.00%	
14) Exceptional circumstances (can only be used with prior agreement of EFA)							
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
Additional lump sum for schools amalgamated during FY14-15					£182,000	0.17%	0.00%
Additional sparsity lump sum for small schools					£0	0.00%	
Exceptional Circumstance3					£0	0.00%	
Exceptional Circumstance4					£0	0.00%	
Exceptional Circumstance5					£0	0.00%	
Exceptional Circumstance6					£0	0.00%	
<b>Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)</b>					<b>£104,285,466</b>	<b>100.00%</b>	<b>£14,575,103</b>

15) Minimum Funding Guarantee (MFG is set at -1.5%)

Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)

Capping Factor (%) 1.50%

Scaling Factor (%) 100.00%

Total deduction if capping and scaling factors are applied

Total (£) -£781,168

Proportion of Total funding (%) 0.69%

MFG Net Total Funding (MFG + deduction from capping and scaling)

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)

Additional funding from the high needs budget

Growth fund (if applicable)

Falling rolls fund (if applicable)

Total Funding For Schools Block Formula

% Distributed through Basic Entitlement

% Pupil Led Funding

Primary: Secondary Ratio

1: 1.27

This page is intentionally left blank



6

**Report to:** Schools Forum

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

**Date of meeting:** 21 January 2015

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

**Report by:** Mike Stoneman, Strategic Commissioning Manager  
Richard Webb, Finance Manager

**Wards affected:** All Wards

**Key decision:** No

**Full Council Decision** No

---

## 1. Purpose of report

- 1.1 The purpose of this report is to seek approval for the schools capital contribution methodology to be used from 2015/16 onward. This follows the 'in principle' agreement from Schools Forum on 15 October 2014 and the subsequent consultation process for the proposed new methodology, which took place between 04 December 2014 and 08 January 2015.

## 2. Recommendation

- 2.1 It is recommended that Schools Forum
- a) Note the principles adopted in determining the proposed contribution methodology, as set out in section 4 of this report.
  - b) Note the response and feedback to the consultation, as set out in Appendix 2.
  - c) Consider and approve one of the following methodologies for implementation from 01 April 2015:
    - i. The proposed methodology, whereby all maintained schools contribute, as set out in section 5 of this report; or
    - ii. The alternative methodology, whereby only maintained schools having capital schemes delivered will contribute, as set out in section 7 of this report.

*(Note: the individual school governing bodies will need to agree to contribute)*

### 3. Background Information

3.1 Each year, the Council agrees a school modernisation capital programme which addresses urgent condition works in LA maintained schools. The projects which feature in the programme have been identified through Asset Management Plan meetings, condition surveys and recommendations by Education officers concerning the needs of specific pupils.

3.2 The existing methodology, applied for 2013/14 and 2014/15, was based on the following:

Minimum Devolved Formula Capital (DFC) contribution proposed from schools (25% maximum threshold for Primary Schools)

- Scheme Value £15,001 - £50,000 – equivalent of 1 year's Devolved Formula Capital allocation
- Scheme Value £50,001 - £190,000 – equivalent of 2 year's Devolved Formula Capital allocation
- Scheme Value above £190,000 – equivalent of 3 year's Devolved Formula Capital allocation

3.3 For schools where there were multiple schemes, the methodology described above was applied to each scheme.

3.4 Where schools converted to Academy status, the outstanding contributions would be deducted in calculating their final surplus or deficit.

3.5 In all cases contributions were subject to affordability. The existing criteria for this are set out below:

- All maintained schools are expected to financially contribute to capital works, related to school condition projects carried out at their school. The level of the contribution will be in accordance with scales agreed by Schools Forum.
- In the following circumstances, the contributions from the schools in respect of condition projects may be recovered over an extended period (the extension will be by one financial year):
  - the school already has an on-going commitment to contribute to a previous condition project; or
  - the school has had more than one scheme approved in the current financial year which attract a contribution; and
  - the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 4% (Primary/Special) and 2% (Secondary) of the schools delegated budget share.
- In the following circumstances, the contributions from the schools in respect of condition projects may be waived:



- the school already has an on-going commitment to contribute to a previous condition project; and
- the schools financial reserves (capital and revenue) at 31 March of the previous financial year are less than 1% (Primary/Special), 0.5% (Secondary) of the schools delegated budget share

or,

- the expected contribution would cause the school to have an in-year and overall deficit balance.

- 3.6 A report was presented to Schools Forum on 15 October 2014, which identified a significant funding gap and issues related to the existing methodology for calculating school contributions. Schools Forum endorsed, in principle, a proposal to introduce a new affordable and equitable scheme methodology, whereby all schools contribute, regardless of whether they are having a capital scheme undertaken in that financial year. This collaborative approach would generate greater contributions and deliver the completion of far more schemes than is affordable under the existing mechanism.
- 3.7 Officers were requested, by Schools Forum, to undertake consultation with all maintained schools, with a view to introducing the new methodology from the 2015/16 financial year. A consultation paper was issued to all LA maintained schools on 4<sup>th</sup> December 2014, which sought views and an indication as to their likelihood of committing to the proposed new method of contributing to the capital programme.
- 3.8 The proposal, endorsed by Schools Forum, is that a collaborative approach be adopted, whereby all maintained schools contribute a weighted percentage of budget share, in order to ensure that a sustainable capital programme is preserved and an increased number of urgent capital projects is delivered.
- 3.9 Each governing body will ultimately have to approve their school's participation in the scheme, for an initial period of 2 years, which will require the majority of schools to agree, in order to proceed. Failure to move to the new methodology will result in many priority schemes being delayed to future years and works being undertaken at the minimum level required to meet statutory and health & safety requirements, in order to maximise the use of the limited financial resources.
- 3.10 The methodologies outlined within this report only apply to LA maintained schools, which are not Voluntary Aided (VA), as VA schools have a separate system arranged by the relevant diocese.

#### 4. Key Principles For The New Methodology

- 4.1 The existing funding mechanism will be discontinued and the new methodology brought in for schemes commencing from 01 April 2015. The rationale for this is based on the volume and urgency of condition works that have been identified, and the reducing amount of capital funding that is available to the City Council. It would enable the limited amount of funding to be used on a greater number of projects.
- 4.2 The key principles that have been used in designing the new methodology are to:
- (i) Generate additional funding to enable further high priority schemes to be completed;
  - (ii) Ensure that the new methodology is equitable, by taking account of each school's funding level and ability to pay; and
  - (iii) Adopt a straightforward model with minimal complexity.
- 4.3 Various options were considered by Schools Forum and the scheme outlined in section 5 is the one endorsed in principle and which officers were requested to consult on and obtain agreement to.

#### 5. Proposed Methodology - All Schools Contribute To The Capital Programme

- 5.1 Schools Forum agreed that the way to ensure the maximum number of urgent capital projects proceed, is via an affordable and equitable scheme whereby all maintained schools contribute, regardless of whether they are having a capital scheme undertaken in that financial year. This collaborative approach will require an initial 2 year commitment and will generate greater contributions, delivering far more schemes than is affordable under the existing mechanism.
- 5.2 In order to ensure both the 'affordability' of schools to contribute as well as acknowledging the level of school balances, the following weightings have been applied to the expected annual contributions.

<b>Level of balances as at 31 March 2015 (Revenue &amp; Capital)*</b>	<b>% of 2015/16 Budget Share (before de-delegation)</b>
Below £25,000	Nil Contribution
£25,000 - £75,000	0.5%
£75,001 - £150,000	1.0%
£150,001 - £300,000	1.25%
£300,001 - £500,000	1.5%
Over £500,000	2.0%

\* Excluding balances held in trust for other bodies (eg cluster funds)

- 5.3 Where a school's contribution would take balances below £25,000, contributions would be restricted to ensure that no school has overall balances below £25,000, as a result of its capital contributions.
- 5.4 The table below offers examples of the contributions payable by schools, at a range of budget share levels, across each of the bands outlined in paragraph 5.2 above.

Budget Share	Total Balances (Revenue + Capital)	Multiple	Annual Contribution
£750,000	Below £25,000	Nil	£0
	£25,000 - £75,000	0.5%	£3,750
	£75,001 - £150,000	1.0%	£7,500
	£150,001 - £300,000	1.25%	£9,375
	£300,001 - £500,000	1.5%	£11,250
	Over £500,000	2.0%	£15,000
£1.0 Million	Below £25,000	Nil	£0
	£25,000 - £75,000	0.5%	£5,000
	£75,001 - £150,000	1.0%	£10,000
	£150,001 - £300,000	1.25%	£12,500
	£300,001 - £500,000	1.5%	£15,000
	Over £500,000	2.0%	£20,000
£1.25 Million	Below £25,000	Nil	£0
	£25,000 - £75,000	0.5%	£6,250
	£75,001 - £150,000	1.0%	£12,500
	£150,001 - £300,000	1.25%	£15,625
	£300,001 - £500,000	1.5%	£18,750
	Over £500,000	2.0%	£25,000
<b>£1.5 Million</b>  <b>*See Example Below</b>	Below £25,000	Nil	£0
	£25,000 - £75,000	0.5%	£7,500
	£75,001 - £150,000	1.0%	£15,000
	<b>£150,001 - £300,000</b>	<b>1.25%</b>	<b>£18,750</b>
	£300,001 - £500,000	1.5%	£22,500
	Over £500,000	2.0%	£30,000
£3.0 Million	Below £25,000	Nil	£0
	£25,000 - £75,000	0.5%	£15,000
	£75,001 - £150,000	1.0%	£30,000
	£150,001 - £300,000	1.25%	£37,500
	£300,001 - £500,000	1.5%	£45,000
	Over £500,000	2.0%	£60,000

*\*Example:*

School 'A' Budget Share	£1,500,000
School 'A' Total Balances (Revenue + Capital)	£ 225,000
Multiple % to be applied	1.25%
Contribution calculation for School 'A'	£1.5 Million x 1.25%
Contribution Payable by School 'A'	<b>£ 18,750</b>

- 5.5 Had this proposed scheme been implemented in 2014/15 an additional 8 priority schemes could have been completed. This would have resulted in a much improved educational environment for many more children and staff in Portsmouth schools. A rejection of the new proposals would undoubtedly mean many priority schemes will be delayed into future years.
- 5.6 The proposal, if approved, will provide certainty to schools and the planning process, in terms of their capital contributions as well as having a positive impact on the number of schemes delivered. Additionally, the two year commitment required of schools will benefit the capital works planning process.
- 5.7 A key element of the new mechanism is that no contributions will be payable by schools with total balances (capital + revenue) below £25,000. Furthermore, following discussion at Schools Forum, the level of contributions will be capped to ensure that contributing to the new scheme will not take a school's balances below £25,000.
- 5.8 Contributions will be collected at the beginning of each financial year. Should a school convert to academy status during the financial year, their contribution is still payable in full for that year and any works included in the approved capital programme will still be completed.
- 5.9 Under the proposed new methodology, schools would no longer be expected to contribute the first £5,000 (Primary) or £10,000 (Secondary) towards urgent works, as a small contingency would be held from the contributions received.
- 5.10 The Council is fully aware that some Governing Bodies may decide not to accept the new collaborative approach. Schools choosing to reject the proposed scheme will be required to contribute 25% (up to a maximum of £225,000) towards each priority scheme at their school. Each payment will be a one-off with no deferral over 2 or 3 years.
- 5.11 Should a majority of maintained schools reject the proposals, an alternative scheme will need to be implemented, although the contributions required will increase significantly for those schools with priority schemes approved in the capital programme.

## **6. Responses to the Consultation**

- 6.1 All maintained schools, as part of the consultation issued on the 4<sup>th</sup> December 2014, were requested to consider and comment on the proposed new scheme outlined in section 5 above. A questionnaire was also attached for completion (see Appendix 1) which, together with any comments, were requested to be emailed to the Education Strategic Commissioning Unit, by 08 January 2015. The results of the consultation, together with key comments, are outlined at Appendix 2. Any responses received after this date will be presented verbally at the meeting.

## 7. Alternative Updated Existing Methodology

7.1 Should the proposed methodology, as outlined in Section 5 above, not be approved then an alternative mechanism, following the principles of the existing methodology, will need to be approved and implemented from 01 April 2015. However, both the 'banding' and 'affordability' criteria will need to be amended.

7.2 The purpose of the proposed new methodology is to increase the number of urgent schemes being delivered. Obviously, overall contributions are significantly reduced if schools choose not to support the proposal in section 5 and therefore the scope to increase the number of projects undertaken becomes limited.

7.3 Under this alternative method the below bands and contribution levels will apply:

### Contribution Calculations

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

7.4 In order to ensure both the 'affordability' of schools to contribute as well as acknowledging the level of school balances, the following weightings have been applied to the scheme contributions.

Level of balances as at 31 March 2015 (Revenue & Capital)*	Annual DFC Equivalent
Below £25,000	Nil Contribution
£25,000 - £75,000	0.5xDFC
£75,001 - £150,000	1.0xDFC
£150,001 - £300,000	1.25xDFC
£300,001 - £500,000	1.5xDFC
Over £500,000	2.0xDFC

\*Excluding balances held in trust for other bodies (eg cluster funds)

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

7.6 Schools' contributions will be collected at the beginning of each financial year. Should a school convert to academy status during the financial year, their contribution is still payable in full for any schemes underway, with any outstanding or future years' contributions being collected as part of the final surplus/deficit calculations on Academy conversion. Any works, included in

the approved capital programme, which have commenced, will still be completed.

7.7 The table below offers examples of the contributions payable by schools, at a range of DFC levels, across each of the bands outlined in paragraph 7.3 above, for a scheme costing £150,000. The calculation is for each capital scheme.

Scheme Cost	School DFC	Total Balances (Revenue + Capital)	DFC Multiple	Total Contribution (over 3 years)
£150,000 (3 Years DFC)	£5,000  (x 3 Years = £15,000)	Below £25,000	Nil	Nil
		£25,000 - £75,000	0.5	£ 7,500
		£75,001 - £150,000	1.0	£ 15,000
		£150,001 - £300,000	1.25	£ 18,750
		£300,001 - £500,000	1.5	£ 22,500
£150,000 (3 Years DFC)	£7,500  (x 3 Years = £22,500)	Over £500,000	2.0	£ 30,000
		Below £25,000	Nil	Nil
		£25,000 - £75,000	0.5	£ 11,250
		£75,001 - £150,000	1.0	£ 22,500
		£150,001 - £300,000	1.25	£ 28,125
<b>£150,000</b> (3 Years DFC)  <b>*See Example Below</b>	<b>£10,000</b>  <b>(x 3 Years = £30,000)</b>	£300,001 - £500,000	1.5	£ 33,750
		Over £500,000	2.0	£ 45,000
		Below £25,000	Nil	Nil
		£25,000 - £75,000	0.5	£ 15,000
		£75,001 - £150,000	1.0	£ 30,000
£150,000 (3 Years DFC)	£15,000  (x 3 Years = £45,000)	<b>£150,001 - £300,000</b>	<b>1.25</b>	<b>£ 37,500</b>
		£300,001 - £500,000	1.5	£ 45,000
		Over £500,000	2.0	£ 60,000
		Below £25,000	Nil	Nil
		£25,000 - £75,000	0.5	£ 22,500
£150,000 (3 Years DFC)	£15,000  (x 3 Years = £45,000)	£75,001 - £150,000	1.0	£ 45,000
		£150,001 - £300,000	1.25	£ 56,250
		£300,001 - £500,000	1.5	£ 67,500
		Over £500,000	2.0	£ 90,000
		Below £25,000	Nil	Nil

*\* Example*

School 'B' Capital Scheme Cost 2015/16	£150,000
Required Contribution	3 Years DFC Equiv.
School 'B' DFC	£ 10,000
School 'B' Total Balances (Revenue + Capital)	£ 225,000
Multiple to be applied	1.25 x DFC Contrib'n
Contribution calculation for School 'B'	£10,000 x 3 x 1.25
Total Contribution Payable by School 'B'	<b>£37,500</b>
Annual Instalments	£12,500

## **8. Contingency and risk management**

- 8.1 Within the budget for each project, there is a level of contingency of between 6 - 10% of the project value. Should an emergency project be identified during the year that is not within the school modernisation capital programme, then the following will be considered:
- to establish if any further savings within the existing programme of works can be made to fund any additional work identified
  - a review of the identified projects to establish if there are any project savings that can be made or if any project can be re-phased without causing a health and safety concern
  - finally, any urgent works that cannot be funded by the other actions would have to replace the lowest priority projects providing works have not commenced.
- 8.2 If the urgent works cannot be funded from within the existing portfolio resources, then an additional capital bid may be submitted to the Council during the financial year. Any in year bids for additional capital funding, must follow the procedures set out within the Council's constitution, which includes approval by Full Council.
- 8.3 If the proposed new methodology in section 5 is approved, then no further contributions would be sought from schools for urgent works. However, under the alternative scheme the existing arrangements would continue with schools being required to contribute the first £5,000 (Primary) and £10,000 (Secondary) towards urgent works.

## **9. Legal implications**

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

## 10. Head of Finance comments

- 10.1 The report sets out the proposals for continued school contributions towards the cost of the condition projects from their delegated budgets. Contributions will not be sought for schemes relating to the removal of friable asbestos since the local authority carries the statutory burden in these areas.
- 10.2 Financial modelling has been undertaken on both the proposed capital contribution methodologies, utilising the 2014-15 capital programme data. If the proposed methodology set out in section 5 had been applied in 2014-15, then an additional £890,000 of capital funding would have been generated, enabling 8 additional capital schemes to have been undertaken. If the alternative option set out in section 7 had been applied, then only £101,500 of additional contributions would have been generated, enabling only 1 additional scheme to be completed.
- 10.3 Any on-going revenue implications will be met by individual schools through their individual budgets which are funded from the Dedicated Schools Grant (DSG).

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

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

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

<b>Title of document</b>	<b>Location</b>
Asset Management Plan files	Housing Property Services
Condition Survey Reports	Housing Property Services – Concerto database
School Organisation Plan	Education
School Capital Programme and Contributions Working Papers	Education Finance

.....  
 Signed by:



**Appendix 1 - 'School Contributions To Capital Schemes' - Consultation Questions**

**Questions:**

Schools' Capital Contributions Proposals	
1	Do you agree with the proposal to introduce a new collaborative methodology for calculating schools' contributions to capital schemes in Portsmouth?
2	Do you agree with the proposal to include an affordability index within the new methodology?
3	Do you agree with the proposal to restrict contributions to ensure that no school has its balances fall below £25,000?
4	Do you agree that those schools opting out of the new methodology should have the method outlined in paragraph 4.10 applied?



5	Do you have any comments regarding the proposed new system for calculating schools contributions to the capital programme?

## Appendix 2 - Consultation Responses

### Schools' contributions to the annual school modernisation programme

#### Results of Consultation

This appendix is a summary of the responses received during the consultation period which ended on Thursday 8 January, however, schools have been given the opportunity to provide feedback up until 20 January and any additional feedback received up to this date will be updated verbally to Schools Forum.

In addition to the summary below, all comments received during the consultation period will be circulated to Schools Forum members in advance of the meeting.

#### **Number of responses received: 9**

**1: Do you agree with the proposal to introduce a new collaborative methodology for calculating schools' contributions to capital schemes in Portsmouth?**

**Yes: 6**

**No: 3**

**2: Do you agree with the proposal to include an affordability index within the new methodology?**

**Yes: 6**

**No: 3**

**3: Do you agree with the proposal to restrict contributions to ensure that no school has its balances fall below £25,000?**

**Yes: 6**

**No: 3**

**4: Do you agree that those schools opting out of the new methodology should have the method outlined in paragraph 4.10 applies?**

**Yes: 4**

**No: 5**

This page is intentionally left blank

# Agenda Item 7



Portsmouth  
CITY COUNCIL

Agenda item: 

7
---

**Title of meeting:** Schools Forum

**Date of meeting:** 21<sup>st</sup> January 2015

**Subject:** Budget Monitoring Report as at 30<sup>th</sup> September 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

This purpose of this report is to inform Schools Forum of the projected year-end budget position for the Dedicated Schools Grant (DSG) as at the end of September 2014.

## 2. Recommendations

It is recommended that Schools Forum note the oreicast budget position for the financial year as at the end of September 2014.

## 3. Background

- 3.1. The DSG is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 3.2. The original budget for the financial year 2014-15, was approved by Schools Forum in February 2014. Subsequently, a further report was presented to Schools Forum in July to seek revisions to the budget as a result of growing financial pressures in high needs. These revisions were approved and are included within the 'revised budget' figures in the table at 4.1 below.
- 3.3. This report provides Schools Forum members with an update on the financial position of the Dedicated Schools Grant, including a forecast estimate of the year-end outturn based on the position as at 30 September 2014.

#### 4. Dedicated Schools Grant

4.1. The table below sets out the DSG budgeting monitoring information as at the 30<sup>th</sup> September 2014.

<b>DEDICATED SCHOOLS GRANT</b>	<i>Original Estimate 2014/15 £000's</i>	<i>Revised Estimate 2014/15 £'000's</i>	<i>Projected Outturn £'000's</i>	<i>Projected over/ (under) spend £'000's</i>
<b>DSG : Devolved</b>				
Nursery ISB	7,446	7,560	7,810	250
Primary ISB	52,729	49,744	49,744	0
Secondary ISB	36,352	28,105	28,105	0
High Needs ISB	4,554	4,592	4,592	0
<b>Total Devolved DSG</b>	<b>101,081</b>	<b>90,001</b>	<b>90,251</b>	<b>250</b>
<b>DSG : Retained</b>				
De-Delegated Budgets & Growth Fund	1,785	1,642	1,648	6
High Needs	8,768	9,701	9,585	(116)
Other centrally retained	4,701	4,733	4,453	(280)
DSG and other Specific Grants	(116,240)	(105,414)	(105,414)	0
DSG Brought Forward	(95)	(2,314)	(2,314)	0
DSG Carried Forward	0	1,651	1,791	140
<b>Total Retained DSG</b>	<b>(101,081)</b>	<b>(90,001)</b>	<b>(90,251)</b>	<b>(250)</b>
<b>TOTAL Dedicated Schools Grant</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

4.2. At this stage of the year the projected spend is generally in line with allocations, although there are some variances. The variances are explained in more detail below.

#### Nursery ISB

4.3. In July it was reported that placement costs for 3 & 4 year olds in Private, Voluntary and Independent (PVI) settings had a forecast budgeted expenditure requirement of £6m for 2014-15. This compares to a current budget allocation of £5.750m; which had been increased in July by £114,000 to reflect the additional Early Years funding allocation received from the Department for Education (DfE).

4.4. It was also anticipated in July, that the forecast overspend in 3 & 4 year old provision would be offset by the expected underspend within the 2 year old funding which is included within the 'other centrally retained' budget line above.

4.5. At this stage in the financial year the forecast remains unchanged; however we are continuing to monitor these budgets closely and will report any changes in these forecasts to a future meeting.

### Primary & Secondary ISB & De-Delegated Budgets

- 4.6. Since presenting the budget report to Schools Forum in July, there have been a further 4 Academy conversions (2 Secondary and 2 Primary).
- 4.7. The table below shows the adjustments processed to the budgets for the Primary and Secondary Individual Budget Shares (ISB) as well as the De-Delegated Budgets.

	Revised Budget as at July 2014 £000's	Impact of Academy Conversions £000's	Revised Budget (as shown above) £000's
Primary ISB	52,728	(2,984)	49,744
Secondary ISB	36,352	(8,247)	28,105
De-Delegated	1,785	(142)	1,643

- 4.8. Since preparing second quarter budget monitoring report further conversions have taken place in the third quarter and more are expected in quarter four. When these conversions are completed, the budgeted and actual expenditure will be revised to reflect this.

### High Needs

- 4.9. The High Needs were increased by £933,000 due to the growing demand and pressures in this area. The specific increases included the Element 3 Top-Up Funding, Out of City Placements and funding for Medical Education at the Harbour School.
- 4.10. The High Needs budgets are the most volatile area of the DSG budget, due to a significant proportion of the being linked to pupil needs and movements. The quarter 2 forecast is currently showing an estimated under-spend of £116,000. The underspend has arisen as a result of only £80,000 be allocated to schools from the Exceptional Circumstances fund (based on the agreed allocation methodology and the latest pupil data from the Inclusion team); which has been partially offset by a forecast overspend of £164,000 in the cost of Out-of-City Placements.
- 4.11. Due to the known volatility in this area of the DSG budget, it is difficult to forecast the final year-end outturn position at this stage in the year. Although the general trend over the last year has seen increasing financial pressures linked to a growing demand for services and children with increasingly complex needs.

#### Other centrally retained budgets

4.12. This variance includes the £250,000 estimated underspend within the 2 year old funding budget, as mentioned previously within the report. The remaining £30,000 relates to a forecast underspend, due to staff turnover in relation the Nursery Quality Standards budget.

#### DSG Grant

4.13. The Dedicated Schools Grant expected to be received by the City Council in July amounted to £116,646,000. The funding received directly by the Council will continue to reduce as schools convert to Academy status as they will receive their funding directly from the Education Funding Agency rather than through the Council.

4.14. As a consequence of the 4 schools that have converted to Academy status since the July report, the funding expected to be received by the Council this year has reduced by £11.2m to £105,415,000. This will reduce further as more schools convert throughout 2014-15.

### **5. Reasons for recommendations**

This report is for information only, therefore the recommendation is for Schools Forum 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 implications**

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

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

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

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



**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
School & Early Years Finance (England) Regulations 2013	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
DSG Budget Estimates and Monitoring Records	Education Finance

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

.....  
Signed by:

This page is intentionally left blank