



NOTICE OF MEETING

SCHOOLS FORUM

WEDNESDAY, 7 DECEMBER 2016 AT 4.30PM

THE EXECUTIVE MEETING ROOM - THIRD FLOOR, THE GUILDHALL

Telephone enquiries to Jane Di Dino 023 9283 4060

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Membership

Schools Members

One head teacher representative - nursery phase

Three head teacher representatives - primary phase

Two head teacher representatives - secondary phase

One head teacher representative - special phase

Five academy representatives

Five governors

Non School Members

Four Councillors (one from each political party)

One representative from the following organisations:

The Anglican Diocese

The Roman Catholic Diocese

The 16-19 Representative

The Early Years 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

A G E N D A

- 1 **Apologies**
- 2 **Declarations of Interest**
- 3 **Membership Changes.**
- 4 **Minutes and matters arising from the previous meeting held on 19 October 2016. (Pages 5 - 10)**

5 Apprenticeship Levy. (Pages 11 - 12)

Karen Everitt, HR Business Partner and Kate Brady, Apprenticeship and Work Placement Officer will present the attached briefing note.

6 Dedicated schools grant budget monitoring report for the second quarter 2016-17. (Pages 13 - 18)

Purpose.

To inform the Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2016-17 as at the end of September 2016.

RECOMMENDED that the Schools Forum:

- i. Note the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2016, together with the associated explanations contained within this report.
- ii. Endorse the increase to the budget for 3&4 year olds in PVI settings and the DSG grant to reflect the increased numbers in the January 2016 Census, as detailed in paragraph 4.13.

7 Future school funding formula changes. (Pages 19 - 26)

Purpose.

The main purpose of the report is to inform the Schools Forum of the progress being made towards the implementation of changes to the school revenue funding arrangements for 2017-18 and to seek the necessary approvals at this stage.

RECOMMENDED that the Schools Forum:

- a) Agree by phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation (as shown at paragraph 4.2), which will be finally agreed in January:
 - i. Behaviour Support - Primary Only
- b) Agree the proposed change to the de-delegation of union duties, with de-delegation for the period April 17 to August 17 and the introduction to a traded service arrangement from 1 September 2017; and note the proposed transfer arrangements.
- c) Note the potential impact on the funding arrangements for Secondary Schools of the opening of the University Technical College (due to open in September 2017).
- d) Endorse the high needs place numbers for maintained and academy special schools, resource units and alternative provision (AP) settings for the academic year 2017-18 as set out in the report.

8 Any other business

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.

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Agenda Item 4

SCHOOLS FORUM

MINUTES OF THE MEETING of the Schools Forum held on Wednesday, 19 October 2016 at 4.30pm at the Guildhall, Portsmouth

Present		
David Jeapes	Head Teacher	Secondary Schools
Jackie Collins	Head Teacher	Primary Schools
Ian Hunkin	Head Teacher	Special Schools
Sarah Sadler	Head Teacher	Primary Schools
Karen Stocks	Head Teacher	Nurseries
Sue Wilson	Head Teacher	Primary Schools
Gareth Hughes (from item 7)	Head Teacher	Secondary
Fiona Calderbank	Director,	Secondary Academies
Alison Beane	Director Ac	Special Academies
Clive Good	Governor	Primary Schools
Bruce Marr	Governor	Secondary Schools
Ruth Nabholz-Duncan	Governor	Nurseries
Yahiya Chowdhury	Councillor	Labour Party
Colin Galloway	Councillor	UK Independence Party.

29. Apologies

Apologies were received from:

- Carole Damper
- Abigail Eales
- Steve Labedz
- Steve Sheehan
- Councillor Lynne Stagg
- Lee Miller

30. Declarations of Interest

There are five declarations of interests forms that have yet to be completed and returned.

31. Membership Changes.

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

- Ian Hunkin replaced Krishna Purbhoo as the maintained Special Schools Head Teacher representative.
- Councillor John Ferrett is no longer the Labour Party representative. Councillor Chowdhury represented the Labour group at this meeting.

There is a vacancy for a Special Schools' Governor representative.

32. Minutes and matters arising from the last meeting held on 13 July 2016.

DECISION

The Schools Forum agreed the minutes of the meeting held on 13 July 2016 subject to apologies for absence be added for Karen Stocks.

Matters Arising.

The actions from the meeting of the 13 July were reviewed. The letter to the Department for Education was no longer required as it had published the operational guidance for 2017-18 after the meeting. The letter to the Chairs of Governors will be issued after half term.

33. Apprenticeship Levy.

Richard Webb explained that this item has been deferred to the next meeting as further information had become available and is being reviewed.

34. Dedicated Schools Grant Budget Monitoring Report for the First Quarter 2016-17.

Richard Webb introduced the report and in response to questions, he and Anthony Harper, Early Years' Service Manager clarified the following points:

- There is currently sufficient capacity within the city to meet the needs of three-four year olds, although certain areas of the city are experiencing some pressures.
- The increased costs for out of city placements for pupils with high needs is mainly due to the increased complexity of children's needs, although some providers are seeking increased funding following the increase in the minimum wage.
- Although a very low number of pupils are educated outside of the city, they do require intensive support.
- Approximately £7,000 of the £140,000 contingency budget has been used so far. Any unused money will be carried forward into 2017-18.

DECISION

The Schools Forum noted the forecast year-end budget position for the Dedicated Schools Grant as at the end 30 June 2016, together with the associated explanations contained within the report.

35. School Funding Arrangements 2017-18.

Alison Egerton, Group Accountant introduced the report and in response to questions, she Richard Webb and Julia Katherine, Head of Inclusion explained that:

- The proposal is to re-allocate some of the funding from the Looked After Children (LAC) factor to the basic per pupil entitlement factor. This change is not expected to have an impact on how schools support those children; as this is purely a change to the funding mechanism for schools. It is a decision for schools as to how they utilise their available funding to support their pupils.
- There are no specific changes to the individual funding or support arrangements for the Looked After Children, therefore there is no specific need to notify the Corporate Parenting Board of the change in the school funding arrangements.
- The modelling is based on data from the October 2015 census data. This will be updated in December.
- A further report on the school funding arrangements will be considered by the Cabinet Member in early January; which will also be brought to the Forum.

- A notice of concern had previously been issued to Redwood Park School and the council has worked closely with the school and more recently with the Interim Executive Board. In the absence of the senior leadership team, finance team and site manager, support was immediately put in place to ensure the pupils' safety and that the school remained operational. The subsequent significant restructuring programme led to the school accumulating the current forecast financial deficit. At the end of 2015-16, the School had a revenue deficit balance of £126,278 as reported to the Forum in July. This had been anticipated to increase further this financial year to circa £300,000, but had increased further as a result of the restructure costs.
- Another Special School in city is currently under a notice of concern and also has a financial deficit, which is likely to require some financial support.
- It is the individual schools responsibility to manage their finances within their funding allocation. Where a school is going into deficit, then the provisions within the scheme for financing schools applies. Where the Local Authority identifies financial concerns within the school it can issue a notice of concern and in severe cases it can withdraw the delegated authority of the school to manage its finances.
- The budgets of schools that are converting to academies are monitored closely by the Children's Finance team leading up to conversion.
- Where a school converts to Academy status, the treatment of any deficit balances depends on the type of conversion (i.e. converter or sponsored).

Members expressed serious concerns regarding the deficit at Redwood Park and whilst they appreciate the limits of the local authority, requested reassurance that schools are being closely monitored.

Action

Schools Forum requested reassurance about the arrangements in place to mitigate potential future deficits arising; and that they will be kept apprised of any potential deficits at the earliest opportunities.

DECISION

The Schools Forum:

- a) **Endorsed the principles proposed by the mainstream working group in Appendix 1 to guide and inform the development of the funding arrangements for 2017-18.**

Schools Members:

- b) **Endorsed that, following the confirmation of the 2017-18 Dedicated Schools Grant (DSG), officers will amend the funding 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.**

- c) **Endorsed the proposed changes to the mainstream funding formula factors, together with choices the council has made in implementing these factors locally, as set out in section 5.**
- d) **Agreed by Phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation (as shown at paragraph 3.41 of the consultation document), which will be finally agreed in January:**
 - i. **Behaviour Support - Primary Only** - (members requested to defer a decision to the next meeting).
 - ii. **Special Staff Costs (Union Duties)**
 - iii. **Schools Contingency Fund**
 - iv. **Licences**

For items ii to iv, all agreed unanimously by phase.

The Schools Forum:

- e) **Noted that subject to the guidance awaited from the Department for Education (DfE) and the results of the work being undertaken by the Inclusion Commissioning Manager, that the authority is not proposing to make any changes to High Needs place numbers for Special Schools, Resources Units and Alternative Provision settings for 2017-18.**
- f) **Noted that subject to the guidance awaited from the DfE that the authority is not proposing to make any changes to the annual rates for Element 3 Top-up funding for Resource Units and Alternative Provision settings for 2017-18.**
- g) **Noted that as set out in paragraph 7.2, work is being undertaken by the Inclusion Commissioning Manager to review the Element 3 Top-up funding arrangements for Special Schools.**
- h) **Endorsed the MFG exemptions submitted to the DfE by the required deadline of 30 November 2016 as set out in paragraph 7.3. (votes: 7 for, 0 against and 4 abstentions).**
- i) **Endorsed the funding allocation to Redwood Park Special School as set out in paragraph 8.2. (7 voted for, 1 against and 3 abstentions).**

36. Future Changes to Early Years Schools Funding Arrangements.

Richard Webb introduced the report and in response to questions, he and Anthony Harper, Service Manager explained that:

- Across the country funding rates differ between local authority nurseries and private providers. The DfE proposals are intended to level out the basic rate across providers.
- Data from the spring census indicated that within Portsmouth 99% of people are taking up at least some of their entitlement.
- All providers are expected to see an increase in their funding.
- In respect of the additional 15 hour trial; there are currently 415 places available; next year 1,500 children are expected to be eligible for the

additional 15 hour entitlement. Work is underway with providers who are changing their models to increase capacity. The council is confident that there will be enough places for the expected increase in children taking up places.

DECISIONS

The Schools Forum:

- a) **Noted the DfE's proposed changes to the early years funding arrangements for three and four year olds and the potential impact of these changes, as set out in within this report.**
- b) **Noted the submission of the response to the DfE's consultation, as shown at appendix 1.**
- c) **Noted the areas of the existing local funding formula that are to be reviewed in response to the DfE's proposed changes; as set out in paragraph 7.16.**
- d) **Endorsed the proposed consultation process with early years childcare providers as set out in section 11. (*this was agreed unanimously*).**

37. Portsmouth SEND Strategy: Remodelling Portsmouth Specialist Educational Provision.

Julia Katherine introduced the report and asked the forum to note that to date over 600 statements and learning disability assessments had been converted to education health and care plans, not 400 as stated in section 4.2.1 of the report.

In response to a question she explained that overall, outcomes for Portsmouth pupils compared favourably nationally except for those who do not have a health care plan. The focus therefore needs to be on pupils without an education health and care plan, who require SEN Support and work will continue with mainstream colleagues to ensure outcomes improve for this group.

DECISIONS

The Schools Forum:

- a. **Noted the progress made so far in implementing the SEND Strategy, including the remodelling of the specialist educational provision for children with special educational needs and disabilities.**
- b. **Noted the investment that has been made to improve and develop the specialist educational provision in Portsmouth for children with special educational needs and disabilities.**

38. Redwood & Cliffdale Capital Works.

Julia Katherine introduced the report and in response to questions, explained that:

Local authorities have recently been invited to bid for funding for new free special schools. As funding is not available for small schools, Portsmouth City Council is talking to Hampshire County Council regarding a possible joint bid.

It is not anticipated that another report on further use of the DSG will be brought to the Schools Forum.

Action.

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Julia Katherine agreed to bring a further update report to the Forum early in 2017.

DECISIONS

The Schools Forum

1. **Noted the progress and programme of design for works at both Cliffdale Primary Academy and Redwood Park School.**
2. **Noted the phased delivery approach being taken for both of the identified projects within the £3.2m available and support any future bidding opportunity that may arise.**

39. Future Meeting Dates.

DECISION

The Schools Forum agreed the following meeting dates:

7 December

18 January

15 February

24 May

12 July

40. Any Other Business.

The University Technical College

Members expressed concern about the potential impact of the funding arrangements for the UTC on the secondary schools in the city.

Action

Information on the funding for the University Technical College and the potential impact on schools will be brought to a future meeting.

The meeting concluded at 6.15pm.

Chair

Agenda Item 5

Apprenticeship Levy

Background

The investment of UK employers in training has rapidly declined over the last 20 years, and is low when compared to our international competitors. By increasing the number of apprenticeships significantly to reach the governments three million target by 2020, the goal is to secure greater benefits from apprenticeships for more apprentices, employers and the economy.

This means in spring 2017 the way the government funds apprenticeships in England is changing. Some employers will be required to contribute to a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

The government are introducing the apprenticeship levy on 6 April 2017. The levy requires all employers operating in the UK, with a pay bill over £3 million each year, to invest in apprenticeships. The Levy will be paid to HM Revenue and Customs (HMRC) through the PAYE process and will be based on the total amount of earnings subject to Class 1 secondary National Insurance contributions (NIC's).

Accessing Levy funds for the purchase of training to support apprenticeships will be via a 'Digital Account' (DA). Levy-paying employers will be able to use accounts from April 2017 to pay for training and assessment of apprentices. Funds will arrive in the DA monthly with the first funds appearing in late May 2017. These funds expire 24 months after they enter the digital account unless used within that period.

Apprenticeship Levy Factsheet

Why are the government introducing the apprenticeship levy?	The levy is being introduced to fund a step change in apprenticeship numbers <u>and</u> quality – delivering on the commitment that there will be 3 million additional apprenticeship starts by 2020. The levy will put apprenticeship funding on a sustainable footing and improve the technical and professional skills of the workforce (an important component of productivity).
What is the apprenticeships levy?	0.5% of an employer's pay bill collected monthly via PAYE. All employers will have an allowance of £15,000, which means that the levy is only applicable on pay bill over £3,000,000.
When will the levy come into effect?	In April 2017
What happens to the money once it is paid under the levy?	The money will be collected by HMRC. Individual employers' funding for apprenticeship training in England will then be made available to them via a new Digital Apprenticeship Service (DAS) account, through which employers will be able to pay for training for apprentices. The Service will also support employers to identify a training provider, choose an apprenticeship training course and find a candidate.
Will employers only be able to spend their levy money on apprentices?	Yes. Specifically, employers will be able to use their funding (up to a cap which will depend upon the standard or framework that is being trained against) to cover the costs of an apprentice's training, including English and maths, assessment and certification. Currently these costs are eligible for government funding under the trailblazer standards. It will not be possible to use levy funds to cover the salary costs of an apprentice. As now the employer will need to cover the costs of an apprentice's wages themselves.
If levy money is unspent?	The employer will have 24 months to spend the levy funds. If an employer does not spend their entire levy funds by this point then the unspent portion will be made available to other employers who are investing in apprenticeship training.

Exemptions & Public sector target?	There will be no exemptions. Public sector employers with a pay bill over £3,000,000 will pay the apprenticeship levy. To ensure that it does, the government will set apprenticeship targets for public sector bodies. Currently the target is set at 2.3% of the workforce
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Apprenticeships - Schools

Information from Oracle suggests that Schools currently have 24 apprentices undertaking qualifications such as Learning Support Assistant, Business Administration and IT.

What the Levy will mean for Schools

1. As reported to the Employment Committee in June 2016, the introduction of the Apprenticeship Levy will place a financial burden on the City Council. In June, the cost of the Levy was estimated to be £740,000 per year. The current costs are estimated to be;
 - General fund £372,000
 - HRA £80,000
 - Schools £227,000*
 - **Total Levy £679,000**
2. PCC & Schools will need to increase its apprenticeship numbers to approx. 147 to reach the current 2.3% government target, PCC's target will be 84 apprentices per year and Schools is will be 63.*
3. The levy will provide an opportunity to provide existing staff of any age (subject to eligibility) the chance to upskill and gain higher qualifications through the apprenticeship route, meaning schools can maximise levy spending. For example this could mean that you receive more from the levy pot than you pay in.
4. There is a wide range of qualifications eligible for funding through the Apprenticeship Levy, alongside the intermediate & advanced apprenticeships currently taking place within Schools, there are also many higher level and degree qualifications available some of which are detailed below:
 - Leadership & Management - Level 4 & 5
 - Chartered Institute of Management - Degree
 - Project Management - Level 4
 - Digital & Technology Solutions - Degree
 - HR Resources Management - Level 5

In addition to those already in place there are a number of Apprenticeship 'Trailblazer' applications with the Department for Education (DfE) including; Social Work, Occupational Therapy, Teaching and Town Planning and we hope these will come 'online' over the next few years. Please note the Levy can only be used for qualifications approved by the DfE for apprenticeships.

5. Schools will need to ensure they are compliant to the Public Contracts Regulations 2015, this will mean procuring training providers and local colleges to provide apprenticeship qualifications. PCC is working with colleagues from Southampton City Council to develop a Dynamic Purchasing System (DPS) across the area. The DPS will ensure the City Council is compliant when the new arrangements for funding come into place and enable local authorities to 'partner' on some qualification routes in order to increase and improve their availability. All local training providers are being encouraged to register on the DPS ahead of the introduction of the Levy. Schools will be able to benefit from this DPS.

**St Edmunds as a VA school has a wage bill of 3 million will be given its own PAYE code, meaning St Edmunds will be removed from the schools total and target.*



Decision maker:	Schools Forum
Subject:	Dedicated Schools Grant Budget Monitoring Report for the Second Quarter 2016/17
Date of decision:	7 December 2016
Report from:	Chris Ward, Director of Finance and IS
Report by:	Richard Webb, Finance Manager
Wards affected:	All
Key decision:	No
Budget & policy framework decision:	No

1 Purpose of report

- 1.1 To inform Schools Forum of the projected revenue expenditure within the Dedicated Schools Grant (DSG) for the current financial year 2016-17 as at the end of September 2016.

2 Background

- 2.1 The DSG is a ring-fenced grant for Education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.
- 2.2 The original DSG budget for the financial year 2016-17, was approved by the Cabinet Member for Children and Education and endorsed by Schools Forum in January 2016. The budget was subsequently revised and agreed by the Cabinet Member for Education on the 30th June 2016. This report provides Schools Forum with a forecast estimate of the year-end outturn based on the position as at 30th September 2016.

3 Recommendations

3.1 It is recommended that Schools Forum:

- i. Notes the forecast year-end budget position for the Dedicated Schools Grant as at the end 30th September 2016, together with the associated explanations contained within this report.
- ii. Endorse the increase to the budget for 3&4 year olds in PVI settings and the DSG grant to reflect the increased numbers in the January 2016 Census, as detailed in paragraph 4.13.

4 Dedicated Schools Grant forecast position as at the end of September 2015

4.1 Table 1 below sets out the forecast year-end financial position of the DSG budget as at 30th September 2016.

Table 1

DEDICATED SCHOOLS GRANT	Original Estimate 2016/17 £000's	Revised Estimate 2016/17 £000's	Projected Outturn £'000's	Projected over/ (under) spend £'000's
DSG : Devolved				
Primary ISB	46,665	43,810	43,810	0
Secondary ISB	19,141	19,141	19,141	0
Special school place funding	2,837	2,901	2,901	0
Resource unit place funding	635	635	635	0
Alternative provision place funding	1,530	1,297	1,297	0
Total Devolved DSG	70,808	67,784	67,784	0
DSG : Retained				
De-Delegated Budgets, Growth Fund and centrally retained	1,285	1,339	1,184	(155)
Early Years	10,979	10,979	11,372	393
High Needs	10,447	10,616	10,643	27
Total Expenditure	93,519	90,718	90,983	265
DSG and other Specific Grants	(93,210)	(90,369)	(90,884)	(515)
DSG Brought Forward	(309)	(5,048)	(5,048)	0
DSG Carried Forward	0	4,699	4,949	250
Total Income DSG	(93,519)	(90,718)	(90,983)	(265)
TOTAL Dedicated Schools Grant	0	0	0	0

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

Academy conversions

- 4.2 Court Lane Infant and Court Lane Junior schools have converted to Academy status with effect from the 1st September 2016. The budget adjustments associated with the conversions have been posted and are reflected in the table above.

De-delegated and growth fund

- 4.3 The underspend in this area of the budget relates to the remaining balance on the growth fund after allocations to schools as reported in the quarter 1 monitoring report, together with the recoupment adjustments relating to schools converting to Academy status.

Early Years

- 4.4 The overspend in the early years budgets is due to a forecast increase in the numbers of 3&4 year olds accessing early education in the City. Whilst it is too early in the year to accurately predict the financial impact of the autumn term cohort, financial modelling has shown that the year on year growth in numbers in previous years has remained consistent at approximately 2% of the prior year total. This has therefore been used to inform the basis of the forecast for the year end position. The actual increase in pupil numbers and the financial impact will be reported in the Quarter 3 report.

High Needs

- 4.5 The initial class lists for the September cohort in the City's special schools have been used to forecast the expected cost of the Element 3 top up funding for the remainder of the financial year. Currently it is anticipated that the year-end outturn will show an under spend in the region of £300,000. A further update on the forecast outturn position will be reported in the quarter 3 budget monitoring report, when the mid-term class lists have been agreed with the schools.
- 4.6 The second quarter of 2016-17 has seen a further increase in the Element 3 top-up funding paid to mainstream schools, to support children with high needs where the cost of additional support exceeds the £6,000 which is expected to be met by the school. As at the 30th September, the forecast is showing an estimated overspend of £200,000. The SEND (Special Education Needs and Disabilities) Team have identified that the number of pupils who receive funding to support their additional needs in mainstream settings has increased by a further 31 pupils in the second quarter of the year to a total of 277.
- 4.7 As a result of the SEND strategy and the move to ensure that mainstream schools are supported to meet the additional needs of pupils within mainstream, wherever possible, there has been an increase in the Element 3 top-up funding paid to mainstream schools, to support children with high needs. This greater inclusion increasingly enables children to be educated locally and amongst their peers, where appropriate.



- 4.8 With regard to the Element 3 top up funding for Alternative Provision, the forecast underspend of £100,000 reflects the position at the end of the summer term. Payments for the Autumn and Spring terms have yet to be made, which could result in a further increase in the forecast under spend position at the end of quarter 3.
- 4.9 The forecast overspend on the budget for children in Out of City placements has been increased by £83,000 to £270,000. This is due to the average cost of the placements rising from £43,328 in 2015-16 to £52,554 in 2016-17. The forecast also includes an estimated cost for four children placed by the Child and Adolescent Mental Health Service (CAMHS) being supported from this budget, the current cost of these children is estimated to be £66,500.
- 4.10 Whilst the post-16 student numbers have yet to be finalised early indications are showing an increase in the number of high needs students attending post-16 further education establishments (from 82 to 106), particularly in the age group 19 to 25 years old which has seen a 47% increase. Further work is being undertaken by the SEND Team, Adult Services and the further education establishments to ensure that the young people in the 19 to 25 age group are placed in a setting which is appropriate to their needs. Further details on this budget will be reported in the third quarter report when the student numbers will be confirmed; however initial indications are showing a further potential forecast overspend.
- 4.11 The forecast position as at the end of Quarter 2 does not include the additional funding allocation to Redwood Park School, which was agreed in October.

DSG and other Specific Grants

- 4.12 The variance in the DSG grant allocations relates to an in-year adjustment to the early years block based on the January 2016 census, together with a prior year adjustment. The number of 3&4 year old children accessing early education in the City has increased and the funding allocation from the DfE has been adjusted to reflect this.
- 4.13 Approval is sought to increase the budget for 3&4 year olds in Private, Voluntary and Independent settings and the DSG income by £293,000; in order to reflect the in-year increased funding allocation from the DfE.

Brought forward / Carry forward

- 4.14 Of the £5.048m brought forward, the Authority has received approval to transfer up to £2m to the capital programme. The funding will be used to remodel two special schools in Portsmouth to enable them to admit pupils with more complex needs. The contribution to the capital programme will be transferred later in the year.

5 Equality impact assessment (EIA)

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

6 Legal comments

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

7 Director of Finance comments

- 7.1 Financial comments are contained within the body of the report.

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

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

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

Title of document	Location
DSG Budget Monitoring	Education Finance Team
School & Early Years Finance (England) Regulations 2015	www.legislation.gov.uk

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

.....
Signed by:

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Title of meeting: Schools Forum

Date of meeting: 7 December 2016

Subject: School Funding Arrangements 2017-18

Report from: Alison Jeffery, Director of Children's Services

Report by: Richard Webb, Finance Manager

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

The main purpose of the report is to inform Schools Forum of the progress being made towards the implementation of changes to the school revenue funding arrangements for 2017-18 and to seek the necessary approvals at this stage.

2. Recommendations

It is recommended that Schools Forum:

- a) Agree by phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation (as shown at paragraph 4.2), which will be finally agreed in January:
 - i. Behaviour Support - Primary Only
- b) Agree the proposed change to the de-delegation of union duties, with de-delegation for the period April 17 to August 17 and the introduction to a traded service arrangement from 1 September 2017; and note the proposed transfer arrangements.
- c) Note the potential impact on the funding arrangements for Secondary Schools of the opening of the University Technical College (due to open in September 2017).
- d) Endorse the high needs place numbers for maintained and academy special schools, resource units and alternative provision (AP) settings for the academic year 2017-18 as set out in the report.

3. Background

- 3.1. Schools Forum has already received reports and has endorsed or made a number of decisions in respect of the revenue funding arrangements for 2017-18, which are summarised below.
- 3.1.1. Endorsed the principles proposed by the mainstream working group to guide and inform the development of the funding arrangements for 2017-18.
- 3.1.2. Endorsed, that following the confirmation of the 2017-18 Dedicated Schools Grant (DSG), officers will amend the funding 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
- 3.1.3. Endorsed the proposed changes to the mainstream funding formula factors, together with choices the council has made in implementing these factors locally.
- 3.1.4. Agreed by Phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation, which will be finally agreed in January:
- Special Staff Costs (Union Duties)
 - Schools Contingency Fund
 - Licences
- 3.1.5. Endorsed the MFG disapplication requests submitted to the Department for Education.
- 3.1 At the meeting in October, Schools Forum members asked for two items to be brought to the December meeting:
- a. The proposal to de-delegate Behaviour Support funding for 2017-18 including the estimated de-delegation amount per pupil.
 - b. An update on the impact of the University Technical College (due to open in September 2017) on the funding for Secondary Schools in 2017-18.
- 3.2 In addition this report provides an update on the progress being made towards the finalisation of the school revenue funding arrangements for 2017-18 and the setting of the schools budget.

4 De-delegation Arrangements

- 4.1 At the Schools Forum meeting on 19 October 2016 the school representatives voted to keep de-delegation for Licences, Union Duties and Schools Specific Contingency, but Primary representatives requested more time to consult with their colleagues on the proposal to de-delegate Behaviour Support funding for 2017-18.
- 4.2 The proposal set out in the consultation document included the proposed de-delegation rates for 2017-18 as set out in the table below.

Expenditure Item		2016-17 rates	2017-18 proposed rates
		Primary £	Primary £
Behaviour Support	Basic entitlement	13.52	13.65
	FSM	40.14	40.54

- 4.3 Since the meeting on the 19 October, officers have also been discussing the transfer of Union Duties to a future traded services arrangement. In light of the potential number of schools that will be transferring to academy status, during the course of the 2017-18 financial year and subsequent years, it has been agreed to move Union Duties to a traded services arrangement from 1 September 2017. To support schools and to assist the union representatives to manage the transition, it is proposed that:
- The traded service will operate at the same per pupil rate as the de-delegated per pupil rate, meaning the cost to maintained schools will remain the same.
 - In order to minimise the disruption for schools from the transfer to a traded service, maintained schools will automatically be enrolled into the traded service from the 1 September 2017.
- 4.4 Maintained schools that are automatically enrolled on 1 September 2017 will be able to opt out of the traded services arrangements, but it is advisable that schools discuss the potential impact of this with a union representative before making a final decision.

5 High needs places 2017-18

- 5.1 As mentioned in the previous report the authority has agreed the following high needs places for maintained and academy special schools, resource units and alternative provision (AP) settings for the academic year 2017-18.

Special schools

- 5.2 The table below shows the agreed commissioned places together with the anticipated additional places required to be funded for the 2016-17 academic year Summer Term and the first two terms of the Academic year 2017-18. These numbers have been agreed with the schools concerned, although additional place funding will only be provided if the places are filled.

Special Schools			
School	Original Agreed Commissioned Places 2017-18	Additional Places Academic Year 2017-18*	Total places 2017-18 financial year
Cliffdale	104	12	116
Harbour	95	-	95
Mary Rose ¹	138	6	144
Redwood Park	141	-	141
Willows	42	-	42
Total	520	18	538

* Additional places required when compared to original agreed commissioned places

Inclusion Centres (Resourced Units)

Inclusion Centres (Resource Units)		
School	Agreed Commissioned Places 2016-17 academic year	Agreed Commissioned Places 2017-18 academic year
Devonshire	12	9
Northern Parade Federation	7	7
Southsea Infant	8	8
Milton Park Primary	14	14
Portsdown Primary	10	9
Victory Primary	23	23
Trafalgar	6	6
St Edmunds	9	9
Total	89	85

- 5.3 As previously reported² both Devonshire Infant and Portsdown primary will close their development and assessment units on 31 August and open new Communication and Interaction units from 1 September 2017. To ensure the schools do not see an overall reduction in funding element 3 top up funding of £1,934 will be paid on a per pupil basis.

¹ Includes Albert Annex (Craneswater Annex)

² Portsmouth SEND strategy: remodelling Portsmouth specialist education provision - 19 October 2016

Alternative Provision

- 5.4 The table below sets out the Alternative Provision place numbers for 2017-18 and includes the full year effect of the changes to the AP provision at Harbour from September 2016.

Alternative provision			
School	Agreed Commissioned Places 2017-18	Emergency Places Academic Year 2017-18	Total places 2017-18 financial year
Harbour	111	0	111
Flying Bull Primary	12	2	14
Total	123	2	125

- 5.5 The authority has received a request from The Harbour School for an increase in the AP element 3 Top up rate from £6,000 per annum to £8,000 per annum. Finance and the Inclusion team are considering the financial and non-financial implications of the request. Any proposal to implement the request will require consultation with schools and approval from the Cabinet Member and endorsement by Schools Forum.

Post 16

- 5.6 Previously the Department for Education (DfE) held funds centrally for the element 2 funding of £6,000 per high needs place for post-16 providers. The DfE then paid funding direct to providers according to the commissioned numbers agreed with local authorities. From April 2017 this process will change.
- 5.7 The DfE have allocated the element 2 funding out to local authorities as part of the High Needs Block. The DfE will then recoup funding from the local authority and pass it to post-16 providers according to the numbers commissioned by the local authority at each setting. For 2017-18 Portsmouth's proportion of the centrally held funds will be £250,000, the current cost of funding the 45 places at Highbury and Portsmouth Colleges equates to £270,000 a funding gap of £20,000; which will need to be absorbed within the overall Dedicated Schools Grant budget.
- 5.8 In line with the High Needs Guidance issued by the Education Funding Agency on 29 September, the authority has submitted its High Needs place return for post-16 settings. For the 2017-18 academic year the authority has requested a further five places as set out in the table below.

	Academic Year Place Numbers		
Settings	2016-17	2017-18	Variation
Post 16 institutions			
Portsmouth College	30	30	0
Highbury College	15	20	5

- 5.9 The request reflects the numbers of pupils, over and above the current 45 places, who are attending the post 16 settings in the city. The authority is currently paying a higher rate of Element 3 Top-up which includes £6,000 to cover the element 2 funding that they are not receiving from the DfE. Should the request be accepted by the DfE then the funding for these pupils would switch between the Element 3 to the place funding. Therefore the additional places will be cost neutral to the authority.

6 The University Technical College

- 6.1 In September 2017 the new University Technical College (UTC) is due to open in Portsmouth and will provide education for pupils from across the region in years 10 to 13.
- 6.2 To ensure the financial stability and provide surety of funding the authority has agreed to fund the new intake of pupils each year, based on estimates for the first two years of the UTC opening. The funding will be based on guaranteed pupil numbers, on a pro-rata basis, of 75 in the first year and 100 in the second year for year groups 10 and 11 (pre 16).
- 6.3 Years 10 and 11 are funded under the mainstream funding formula from the DSG. Funding will be recouped from the City Council and passed directly to the UTC by the Education Funding Agency (EFA). Academies receive their funding from 1 September of the academic year following the census, for example for the October 2016 census, academy funding will be received in September 2017.

Impact on the UTC

- 6.4 The guaranteed funding arrangements mean that the UTC will receive the funding in the academic year of opening, thus enabling them to function throughout 2017-18.
- 6.5 As the unit opens in September the UTC will receive a proportion of the annual funding to cover the 7 month period September 2017 to March 2018, the equivalent of 43.75 pupils.
- 6.6 For 2018-19 the UTC will be funded on actual pupils (year 11) and on an estimate for the September 2018 cohort of 100 pupils. Again the estimate

pupils will be prorated for the period September 2018 to March 2019, the equivalent of 58.3 pupils.

6.7 For 2019-20 they will be funded on the October 2019 census.

Impact on maintained and academy secondary schools

6.8 The existing maintained and academy secondary schools in Portsmouth will receive funding for 2017-18 based on the number of pupils on the October 2016 census. If pupils transfer to the UTC during 2017-18, then the schools will continue to receive funding for the full year.

6.9 Again, for 2018-19 the existing maintained and academy secondary schools will receive funding based on the October 2017 census. If the schools have experienced a reduction in pupil numbers, as a result of pupils transferring to the UTC during 2017-18, then this will be reflected in a reduction in funding provided to the school.

6.10 The Admissions team have notified secondary school head-teachers of the number of pupils from their school who have applied to the UTC. Schools have also been sent information regarding the process of allocating places to pupils at the UTC including a timetable for finalising the numbers of pupils attending both the UTC and secondary schools for the academic year 2017-18.

7 Next Steps

7.1 Officers are awaiting the October census information from the DfE to prepare the 2017-18 mainstream school funding Proforma for agreement by the Cabinet Member and Schools Forum before submission to the DfE on 20 January 2017.

7.2 The authority has submitted two MFG disapplication requests relating to the variation of primary pupil numbers at Mayfield School due to the continuing increase in the primary cohort. At the date of writing this report the authority is awaiting approval from the DfE.

7.3 Further information is still awaited from the DfE regarding the following areas:

- Operational guidance relating to the treatment of the "retained duties element" of the Education Services Grant which has transferred into the Dedicated Schools Grant.
- The outcome of the Early Years consultation and subsequent funding changes for 2017-18.

8 **Reasons for recommendations**

The purpose of this report is to provide Members with an update on the progress being made towards the implementation of changes to the school revenue funding arrangements for 2017-18 and to seek the necessary approvals at this stage. Members are therefore recommended to approve the proposals contained within this report as they seek to comply with both the DfE Guidance "School Revenue Funding 2017 to 2018 - operational guidance" in July 2016 and the School and Early Years Finance (England) Regulations.

9 **Equality impact assessment**

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

10 **Legal implications**

The recommendations in this report are consistent with the requirements of the School and Early Years Finance (England) Regulations and Department for Education Operational Guidance.

11 **Director of Finance's comments**

Financial comments are included in the body of the report.

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Signed by: Alison Jeffery - Director of Children's 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
Schools revenue funding 2017 to 2018 operational guidance, July 2016	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/541544/2017_to_2018_LA_operational_guide_FINAL_FOR_PUBLICATION_v1.2.pdf
Financial Modelling	Children's Finance Team

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

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Signed by: