

Bristol Schools Forum

Agenda Wednesday 15th May 2019 at 5.00pm,

CITY HALL, Writing Room

please note meeting starts at 5.00 – tea and coffee available from 4.30pm

	Start	Item	Action	Owner	Paper
1.	5.00	Welcome	A	Chair	
2.	5.05	Forum standing business (a) Apologies for Absence: (b) Confirmation meeting is quorate (c) Appointment of new members: None (d) Notification of Vacancies: • Two Primary Maintained Heads; • Two Primary Academy Governors; • Two Secondary Academy Heads; • One Secondary Academy Governor; • One Special School Governor (e) Declarations of Interest	A	Clerk	Verbal
3.	5.10	Minutes of meeting held on 2 nd April 2019 (a) To confirm as a correct record (b) Matters arising not covered on agenda (1) Finance Sub-Group Terms of Reference	A	Chair	Attached
4.	5.20	Presentation on High Needs Block	Di	AS	Attached
5.	5.50	Report on High Needs Block	I	MT	Attached
6.	6.10	DSG Overview 2018/19 Outturn and 2019/20 Budget	C	DT	Attached
7.	6.30	Early Years DSG Funding 2019/20	De/I	SJ	Attached
8.	6.50	Scheme for Financing Schools Update	De/I	DT	Attached
9.	7:10	Any Other Business			

(*) A = Admin, I = Information, De = Decision required, C = Consultation, Di = Discussion

Clerk: Corrina Haskins email: corrina.haskins@bristol.gov.uk Tel: 0117 35 76519 City Hall

Chair: Carew Reynell (contact via clerk)

FUTURE MEETINGS

Date	Items
16 th July 2019 <i>*clashes with full Council – Writing Room not available 1P05 provisionally booked for Finance Sub Group (15-24 capacity)</i>	High Needs Update Budget Monitoring EY AP Strategy Report from Finance Sub-Group
September	Schools Forum Constitution Place Planning Overall DSG strategy Options for funding formula Increases in projected overspend on high needs
November	Education overview

Dates for 2019-20

Wednesday 25 September 2019 - AGM
 Tuesday 26 November 2019
 Wednesday 15 January 2020 (Council 14th)
 Tuesday 31 March 2020
 Tuesday 26 May 2020
 Wednesday 15 July 2020 (Council 14th)

Bristol Schools' Forum

Minutes of the meeting held on Tuesday 2nd April 2019
at 17.00 hrs at City Hall

Present:

Karen Brown	Maintained Secondary Governor Rep, St Mary Redcliffe & Temple
Emma Cave	Special School, Governor Rep, Claremont
Simon Eakins	Academy Primary Headteacher Rep, Cathedral Primary
Peter Evans	Special School Headteacher Rep, Knowle DGE
Simon Holmes	Nursery Head Rep, St Phillips Marsh Nursery
Sarah Lovell	Academy Secondary Headteacher Rep, Bristol Metropolitan Academy
Garry Maher	Diocese of Clifton Rep
Kate Matheson	Maintained Primary Governor Rep, St Barnabas Primary
Aileen Morrison	Pupil Referral Unit Rep, St Matthias Park
Chris Pring	Maintained Primary Headteacher Rep, Cabot Primary
Cedric Sanguinol	Maintained Primary Governor Rep, Bishop Road Primary
Christine Townsend	Maintained Primary Governor Rep, Whitehall Primary
Wendy Weston	Support Staff Rep
David Yorath	Academy Secondary Governor Rep, Cotham School

In attendance from Bristol City Council:

Corrina Haskins	Clerk to Schools Forum
Sally Jaeckle	Service Manager, Early Years
Cllr Anna Keen	Cabinet Member for Education and Skills
Alan Stubbersfield	Interim Director Education Learning & Skills Improvement
Mary Taylor	Business Manager, SEND
David Tully	Interim Finance Business Partner
Travis Young	Corporate Finance

Observers:

Alderman Brian Price

	Action
1. Welcome and introductions	
In the absence of Carew Reynell, Chair of the Forum, the meeting was chaired by Sarah Lovell, Vice-Chair.	
SL reported that Billy Forsythe was standing down as Clerk after 10 years and thanked him for his work in supporting the Forum SL introduced the new Clerk, Corrina Haskins.	
2. Forum standing business	
a. Apologies for absence	
Apologies for absence were recorded from Jamie Barry, Trish Dodds, Ruth Pickersgill, Carew	

<p>Reynell (Chair), Simon Shaw and Lorraine Wright</p> <p>b. Quorate The Clerk confirmed the meeting was quorate.</p> <p>c. Resignations The Clerk confirmed there were 5 resignations from members since the last meeting.</p> <p>d. Appointment of New Members The Clerk reported the appointment of Lorraine Wright – Primary Academy Head (Elm Lea).</p> <p>e. Notification of Vacancies The Clerk advised of the following Schools Forum Vacancies which would be advertised through the Heads/Governors Bulletins: 1 Secondary Academy Head 1 Secondary Academy Governor 2 Primary Maintained Heads 1 Primary Academy Governor</p>	
<p>3. Minutes of the Meeting held on 16th January 2019</p>	
<p>RESOLVED - that the minutes be confirmed as a correct record.</p> <p>Matters Arising</p> <p>Voting It was agreed that during any future voting at Forum Meetings, abstentions should be recorded in addition to the number of votes for and against.</p> <p>Growth Fund AS referred to the percentages quoted by CT relating to the number of students from out of the Bristol area at Colston Girls School and St Bedes and clarified that he did not dispute the accuracy of the figures, but rather he did not consider them a secure basis for policy change. He apologised if anyone was given the impression that the figures quoted by CT were incorrect.</p> <p>Following further discussion it was: RESOLVED - that data relating to out of area children being educated in Bristol schools be shared with Forum.</p> <p>SEND 1-5 Year Olds In response to a question of clarification about what the figure “1092 number of 1-5 year olds” referred to during the debate about SEND, it was agreed that this be confirmed at the next meeting.</p> <p>Funding of the Hope School Further to a question raised at the previous meeting about the funding of the Hope School, this was discussed under the agenda item “High Needs Block”.</p>	<p>AS</p> <p>SJ to include in EY report</p> <p>DT</p>

4. Correspondence	
SL confirmed there was no correspondence to report to Forum.	
5. Chair and Vice Chairs' Proposals for Future Forum Training	
<p>SL reported that the Chair (CR) and Vice Chairs (SL and CT) had met to discuss proposals for future training for Forum and recommended:</p> <ul style="list-style-type: none"> • Forum meetings to start with a brief training session on the different funding streams; • Forum members to ask for further training if required following these sessions; • The Finance Sub Group to be reconstituted; • Sharing key websites to assist Forum Members in their role; • From September 2019, to produce an induction pack to support new members; • Officers to give more attention to the style of report in terms of content and accessibility and to share reports with Chair and Vice Chairs at an early opportunity. <p>SL undertook to raise the reconstitution of the Finance Sub Group under "any other business"</p>	
6. Presentation on Schools Block Funding	
<p>TY gave a presentation on Schools Block Funding as the first of the training sessions for Forum:</p> <p>Schools Block:</p> <ul style="list-style-type: none"> • The Schools Block was one of the 4 blocks in the Dedicated Schools Grant (DSG), the others being High Needs; Early Years and Central School Support; • Mainstream schools were funded by Schools Block, but they could access other blocks if they had pupils that attracted the funding, e.g. SEND pupils for the High Needs Block or nursery provision for the Early Years Block; • For every pupil in primary or secondary mainstream, there was allocated an amount of money which together comprised the Schools Block; • There was increasing pressure on the High Needs Budget and a decision had been taken to transfer from other blocks for 2019/20 and so of the £261m of Schools Block funding, £259m would be for mainstream and £2m for High Needs; <p>Schools Formula/National Funding Formula:</p> <ul style="list-style-type: none"> • Funding was allocated to the Local Authority (LA) by the Education Skills Funding Agency (ESFA) and the LA allocated the funding to schools on the basis of the October census using a local formula; • The LA, in consultation with Schools Forum, decided on the factors to be used in the formula within the constraints of the National Funding Formula (NFF); • The NFF was an attempt by Government to regulate funding for all schools; • The LA submitted the school budget to ESFA in January. The ESFA then checked the budget and recouped the funding for academies and free schools; • Maintained school budgets were then issued by the LA by 28th February; 	

<ul style="list-style-type: none"> • There were a lot of factors in the formula and for the second year running LAs had been able to choose the level of the Minimum Funding Guarantee (MFG) from a fixed range of -1.5% to +0.5%; • In terms of “additional needs funding”, LAs needed to use a deprivation factor but other factors were optional. The NFF also included options for “School-led funding” and “geographical funding”. Bristol’s area cost adjustment was slightly skewed at 1.014. <p>Minimum Funding Guarantee</p> <ul style="list-style-type: none"> • The MFG gave schools funding stability but only on per pupil funding and did not protect against falling rolls; • The MFG guaranteed that a school could either receive the same as the previous year or in line with the formula; whichever was the higher of the two; • If a school got more funding through formula then this would be the basis for the MFG calculation for the following year; • A new school would initially get proxy school data (based on Bristol averages) on which funding was calculated, but was soon replaced by real pupil data. The first year cohort would set the MFG but a disapplication of the MFG could be provided if appropriate and approved • The LA needed to calculate the MFG and allocate the remaining funds; • The MFG could lead to discrepancies where funding is based on the characteristics of a previous cohort rather than the current cohort; • Bristol schools were getting MFG ranging from 0%-11% most being 2%-3 %; • In 19/20, the school that gained the most from the formula did not get as much as it would through the MFG and this made sense of the comments raised at the previous meeting where schools that should have benefitted from the formula due to the characteristics of their current cohort, didn’t seem to do so. <p>TY responded to questions from Forum Members as follows:</p> <ul style="list-style-type: none"> • The NFF was still in its “soft phase” and so there was still an element of local discretion over which factors LAs could use in the formula, however when in its “hard phase” there would be no local discretion; • Bristol City Council was still using a local formula rather than the NFF and current funding was above the NFF level. He would clarify the actual amount at a future meeting; • The percentage of SEN funding was notional and although the Bristol SEN notional budget constituted 16% of total funding, which was higher than most areas, the percentage made no difference to the amount of overall funding schools received, however, Forum may wish to consider changing the balance of percentages in the future; • Split site funding was discretionary and relied on individual schools making a case for this funding. <p>RESOLVED –</p> <ol style="list-style-type: none"> (1) That the Finance Sub Group look at the discretionary criteria within the funding formula; (2) Forum members to advise the Clerk if they require any additional training on the Schools Block Fund. – Action for forum members 	<p>Forum Members</p>
<p>7. Report on Schools Block Funding</p>	

<p>DT introduced the report and drew attention to 2 points:</p> <ol style="list-style-type: none"> 1. Since the previous Schools Forum meeting, a discrepancy had been identified and the Council approached ESFA to ask if this could be amended. ESFA had agreed and as a result the Council had an extra £900k headroom, bringing the total to £1.5m. This increase meant that 54 schools (rather than 32) would benefit from the additional funding. This would have a positive impact on the 19/20 and 18/19 DSG budget position. 2. The report contained observations about the formula and had been developed in consultation with the Chair and Vice Chairs to meet the information requirements of Forum. <p>In response to a question about how the discrepancy occurred and whether any lessons could be learnt to avoid this happening again, DT explained that:</p> <ul style="list-style-type: none"> • the error had arisen in data from the ESFA in January 2016 relating to 2 schools that had opened in September 2015; • the ESFA had mistakenly calculated a part-year budget twice for the new schools giving them a higher protected funding figure; • that this had resulted in a huge spike that had been picked up by officers and successfully resolved with ESFA. <p>CT reminded Forum that a previous Forum meeting had challenged the figures which had resulted in a reassessment by officers.</p> <p>In response to further questioning, DT confirmed:</p> <ul style="list-style-type: none"> • Officers did recognise that while characteristics such as deprivation, EAL and prior attainment were separate, they could also be linked e.g. prior attainment being affected by deprivation; • No disapplications had been submitted for 2019/20, but if they had this would have taken place in the Autumn. <p>RESOLVED - that Schools Forum note the report and refer the issues raised in it to the Sub-Group for further consideration.</p>	
<p>8. DSG Overview 2018-19 and 2019-20</p>	
<p>DT introduced the report and drew attention to the following points:</p> <ul style="list-style-type: none"> • 18/19 position: due to the reimbursement to the Schools Block as discussed earlier there was now forecast a net surplus of £1.5m on the overall DSG position although there was a deficit of £1.3m in the High Needs Block. There was not a definitive position on the Early Years Block but it was looking like a £1m underspend and the final position would be confirmed at the May meeting; • 19/20 position: a deficit position of £1.4m was forecast. <p>Action - In response to comments about an error in the Early Years census with extended hours not being picked up, SE undertook to discuss this with DT after the meeting.</p> <p>RESOLVED – that the Schools Forum note:</p> <ol style="list-style-type: none"> 1) the 2018/19 financial position as at Period 10 set out in Table 1 of the report, which 	<p>DT / SE</p>

<p>includes:</p> <ol style="list-style-type: none"> a) An improved financial position for Schools Block, because of a reimbursement from Education and Skills Funding Agency (ESFA) of funding for two academies which had been over-recouped since 2016/17; and b) An improved forecast surplus at 31st March 2019 of £1.5m. <p>2) the 2019/20 position for the overall DSG, with a revised forecast deficit position of £1.4m, on current funding decisions and known and expected commitments, at 31st March 2020.</p>	
<p>9. High Needs Block</p>	
<p>MT introduced the report and drew attention to the following:</p> <ul style="list-style-type: none"> • The period 10 forecast position for 2018/19 and the adverse changes since period 7; • The 2019/2020 High Needs Budget which currently forecast a cumulative deficit of £3.672m by March 2020. <p>MT welcomed the comments of the Forum on the High Needs Transformation Project Planning.</p> <p>In response to a question about how the deficit would be met by the Council, AS confirmed High Needs was one part of the DSG block but if there was a net deficit to the DSG in the future, this would be of concern to the Council. He confirmed that the function was needs led and as a result of increasing demand, the Education Secretary had announced an additional £350m for SEND, but this was still not sufficient to meet demands.</p> <p>In response to questioning about why the situation had changed since period 7, MT responded:</p> <ul style="list-style-type: none"> • Places only expenditure: increase by £133k due to a review in current commissioned places. Places continued to be monitored through 6 weekly cycle reviews but were dependent on the local area needs and parental preference; • SEN Top-Up expenditure: increase by £127k due to increase in pupil numbers and adjustments to existing top up bands; • Alternative Provision (AP) Top-Up expenditure: increase by £117k due to increased demand for pupil referral units, but MT was looking to tighten up on the payment process; • Other SEN provision expenditure: decrease as a result of post 16 placements reducing or contingency cases not being required, however, contingency projections still had to be built in to the budget; • Other AP provision: increase by £190k due to an increase in demand; • SEN Services: increase by £16k reflecting demand for therapy and assessment services, but this had been partially offset by staff vacancies. <p>In response to a question about the Capital Strategy behind the High Needs funding and the importance of consultation with specialist providers to discuss the needs and trends, MT/AS confirmed that:</p> <ul style="list-style-type: none"> • Council officers were currently drafting a paper about the Capital Strategy which would identify the key areas over the next 5-10 years to plan the provision for the city; • The report would need to go through the Council's decision pathway to secure funding; • There was a commitment to a full consultation and high level dialogue with providers; • MT would be available to attend Special Partnership Meetings as part of the consultation 	

<p>process;</p> <ul style="list-style-type: none"> • There was a need for a greater investment in the future of High Needs along with quality assurance and cost avoidance. <p>In response to a question about how Bristol was paying for the top up for special schools in terms of banding and if every specialist provider in Bristol was funded on the same basis, MT confirmed that there had been no change to the top up process in this academic year, but it was being reviewed as part of transformation programme and the Forum would get regular updates.</p> <p>The Forum raised the following comments:</p> <ul style="list-style-type: none"> • There was a need for a vision for AP as Bristol was currently spending more on AP than any other city outside of London; • Clarity was needed on the funding arrangements for the Hope School and the proportions by which the virtual school was funded by: <ul style="list-style-type: none"> ○ central services; ○ government grant to carry out statutory duties; ○ pupil premium funding; ○ general fund; ○ high needs budget. ○ Action - MT/DT to provide at next meeting • Concern was expressed that there were increasing demands on the High Needs budget to fund more areas and it was agreed that the presentation at the next forum meeting should include a comparison over the previous 3 years with more detailed information on the different components of the budget. Action - DT/TY to provide at next meeting <p>MT clarified that the elements of the transformation programme were ongoing; the Sensory Service Review had already started; the Early Intervention Base (EIB) review had started with a stakeholder meeting in March and the Hospital Education Review was due to start in January 2020.</p> <p>RESOLVED – that the Schools Forum note:</p> <ol style="list-style-type: none"> (1) the 2018/2019 High Needs budget position as at Period 10; (2) the 2019/2020 High Needs Budget which currently forecasts a cumulative deficit of £3.672m by March 2020; (3) the progress made with the High Needs Transformation Project Planning; (4) the High Needs Presentation at the next meeting include clarification on: <ol style="list-style-type: none"> a. Funding Arrangements for the Hope School; b. Information on the High Needs Budget containing a comparison over the previous 3 years with more detailed information on the different components. 	<p>DT</p> <p>MT</p>
<p>10. Place Planning/Growth Fund/Capital Funding</p>	
<p>AS introduced the report and drew attention to the following:</p> <ul style="list-style-type: none"> • Primary school numbers had peaked in 2016 and the wave of growth would continue through to secondary schools; • Place planning was required to meet the additional demand for secondary places and 	

drop in demand for primary places;

- As a short term solution, secondary schools had been asked to admit over their PAN;
- In the longer term, new secondary schools would be opening in the next few years;

Forum Members made the following comments:

- It was important to start the planning process from birth and consider nursery provision as part of the planning process;
- The nursery sector was seeing an increase in the number of children with complex needs and this needed to be taken into account when considering future provision at primary and secondary level;
- Another key issue was the amount of development planned in the Bristol area to meet the additional housing needs as reflected in the aspirations of the One City Plan;
- As well as planning for mainstream places it was also important to plan for special school places;
- There needed to be a strategic approach to the drop in primary school places and the use of the physical space to consider whether this could meet High Needs demands or support bringing children educated outside of Bristol back into the city;
- It was important to consider place planning in the long term as, in the past, schools had been closed due to falling demand only for new schools to be opened once demand increased;
- It was requested that a report be provided to the Finance Sub Group to include projections from birth and a breakdown of predicted demand by geographical area, including new housing developments.

In response to comments AS/AK confirmed:

- Place planning did start early with birth rate data;
- Place planning should include special school places;
- The Council recognised the increased complexity and proportions of children with SEND and this would be considered as part of the planning process;
- New developments were difficult to plan for as timescales often changed, but there was a formula used for predicting the number of school age children in new developments and the Council was aware of school place planning as an important part of new housing developments;
- There was a predicted shortfall of 150 places next year and extra places were secured by schools agreeing to offer above their PAN;
- 2020 would be a challenging year as the Skills Funding Agency (SFA) had delayed the opening of the new central school.

RESOLVED –

- (1) that the Schools Forum note the contents of the report and the effects of falling primary rolls;
- (2) that a report be provided to the Finance Sub Group to include projections from birth and a breakdown of predicted demand by geographical area, including new housing developments.

AS

11. Any Other Business	
<p>1. Teachers Pay Award</p> <p>PE advised the Forum that special schools were considered separately to mainstream schools in terms of the teachers' pay award and expressed concern that consultation had only taken place on 19 March. He expressed further concern that the level of funding was based on DfE figures and did not align with LA figures and as a consequence, schools were facing a deficit. DT confirmed that consultation had taken place earlier, the results of which had been circulated in the latest Heads' Bulletin. He confirmed that the LA had proposed to use the latest figures relating to pupil numbers, but that there was an anomaly with the ESFA in how Hospital Education had been counted, and that place numbers in Bristol High Needs settings had increased since the DfE counts. He confirmed that the LA had distributed the funding received and would go back to the ESFA to challenge the anomaly. In response to a question about whether schools would be consulted on the second part of the pay award, DT recommended waiting until a response had been received from the ESFA.</p> <p>2. School Health Nurse Role</p> <p>EC raised the issue around the change/reduction in the school health nurse role, the role of health in providing this service and the additional nursing/medical requirements needed in special schools. She reported that special schools often had to employ someone else to provide the service which had an impact on budgets.</p> <p>3. Funding for Pensions</p> <p>In response to a question about funding for pensions, DT reported that the DfE had consulted in January 2019 about the principle of providing a Teachers Pension Grant, but the outcomes of this and how any grant would be distributed had not yet been confirmed.</p> <p>4. Reconstituting the Finance Sub Group</p> <p>SL asked the Forum to agree reconstituting the Finance Sub-Group.</p> <p>RESOLVED –</p> <ul style="list-style-type: none"> (1) that the Finance Sub Group be reconstituted; (2) that Christine Townsend, Chris Pring, David Yorath, Simon Eakins and Garry Maher sit on the Group along with any other interested member of the Forum. (3) Action – Chair and Vice chairs to produce a draft set of terms of reference for the forum to review and approve at the next meeting. 	<p>DT to provide at next meeting</p> <p>AS to look into this with a view to reporting back</p> <p>Forum Members CR/SL/CT</p>

The meeting closed at 7.22pm

Bristol Schools Forum: Finance Sub-Group

Terms of reference

Role: the role of the sub-group is to examine options for and the implications of possible changes to the Schools Funding Formula (including the Minimum Funding Guarantee), for report back to the Schools Forum. The sub-group will have regard to, inter alia:

- the implications of any changes on the distribution of funding between schools;
- the anticipated level of resources;
- the rationale and structure of the local and National Funding Formulae; and
- anticipated changes in school rolls.

The sub-group should, as far as possible, be representative of Bristol's mainstream schools (LA/academy, primary/secondary, educationalist/finance specialist).

Timescale: it is anticipated that the DfE Operational Guidance for 2020/21 will be published in July and that the City Council will present its provisional strategy for the allocation of funding between blocks and for the funding formula in September, with decisions to be made at the November and January meetings of the Forum. The sub-group should be in a position to comment on the provisional strategy in September.

High Needs Block Funding

Presentation to Schools Forum

15th May 2019

Alan Stubbersfield

Outline

- Context and purpose of High Needs Block
- What it funds
- Outline each of the 6 sections in turn:
 1. High Needs Places
 2. SEND Top-ups
 3. Alternative Provision Top-ups
 4. Other SEND Provision
 5. Other Alternative Provision
 6. High Needs Services
- Key messages about the High Needs Budget
- Questions and discussion

Purpose of the High Needs Block

The high needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under the Children and Families Act 2014.

High needs funding is also intended to support good quality AP for pre-16 pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream or special schools.

The high needs funding block provides local authorities with resources for place funding and top-up funding for institutions, and funding for high needs services delivered directly by the authority or under a separate funding agreement with institutions (including funding devolved to institutions), as permitted by regulations.

Simplified analysis of SEND / AP Funding

	PRE-16 SEND and AP		POST-16 SEND
	Mainstream settings	Specialist Settings	All settings
ELEMENT 1 Core Education Funding	Mainstream per pupil funding (AWPU)	Base funding of £10,000 for SEND and AP, which is roughly equivalent to the level up to which a mainstream provider would have contributed to the additional support provision of a high needs pupils. Base funding is provided on the basis of planned places	Mainstream per student funding (as determined by the 16-18 funding system)
ELEMENT 2 Additional Support Funding	Contribution of £6,000 to additional support required by a pupil with high needs from the notional SEND budget. (Emerging Needs in Early Years)		Contribution of £6,000 to additional support required by a student with high needs.
ELEMENT 3 Top-up Funding	“Top-up” funding from the commissioner to meet the needs of each pupil or student placed in the institution.		

High Needs Block	Schools & Early Years Blocks	Post 16 Grant NB: Post 16 SEN Grant ends in Aug 2019 and will be subsumed into the HNB
------------------	------------------------------	---

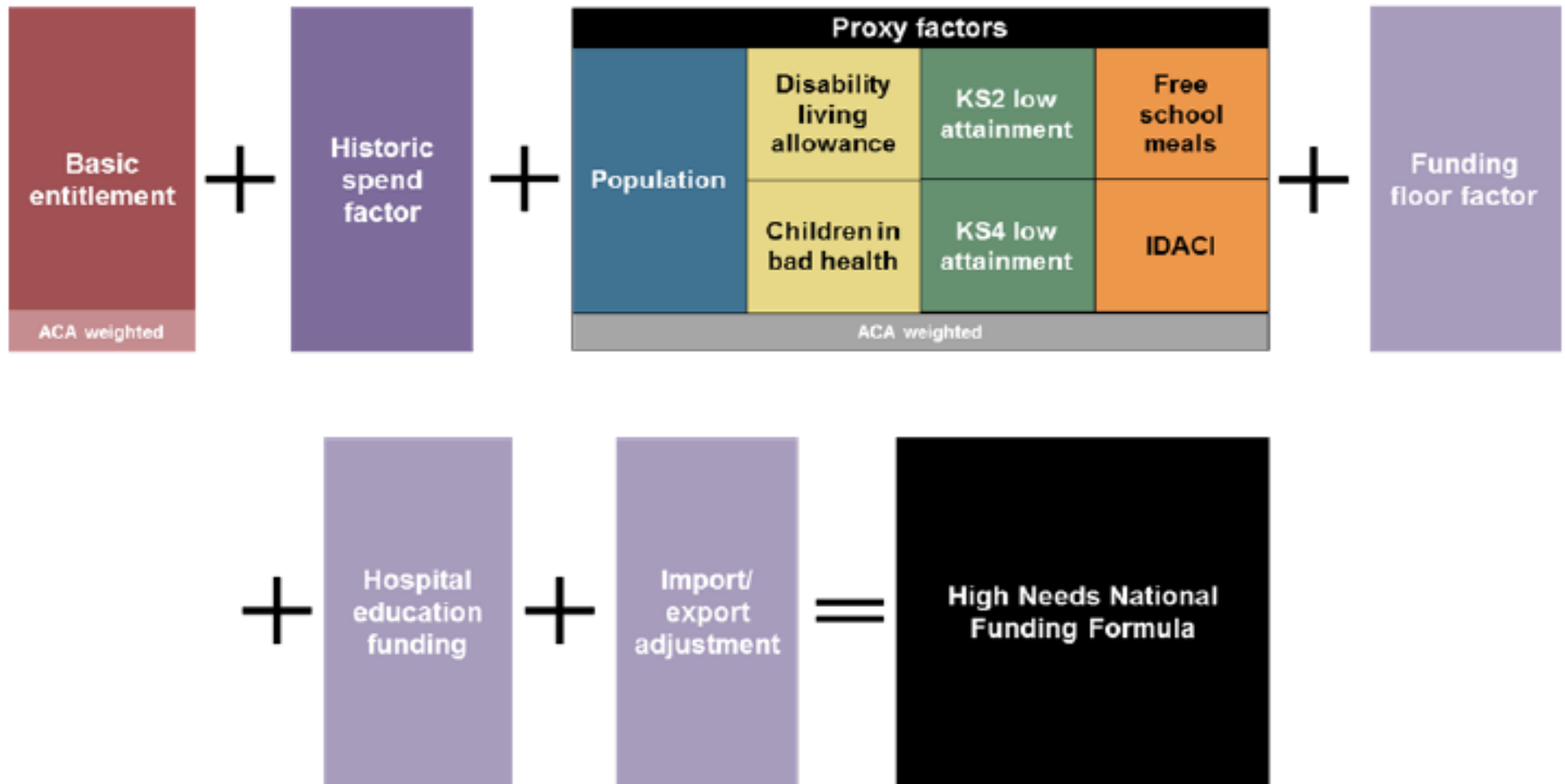
People

Additional Educational Needs

Slide 4



Components of the High Needs National Funding Formula



People

Additional Educational Needs

Slide 5



High Needs National Funding Formula

<u>Component</u>	<u>£'000</u>	<u>£'000</u>
Historic spend factor	22,149	
Proxy factors: Population	10,697	
Proxy factors: Disability living allowance	1,641	
Proxy factors: KS2 low attainment	1,769	
Proxy factors: Free school meals	2,632	
Proxy factors: Children in bad health	1,940	
Proxy factors: KS4 low attainment	1,909	
Proxy factors: IDACI	2,984	
Funding floor factor	85	
Hospital education funding	2,026	
Subtotal: 2019-20 high needs NFF allocations		47,832
Updated Basic entitlement		
1,049 pupils x £4,087.90		4,288
Import/export adjustment		111
Additional High Needs funding		983
Total 2019-20 High Needs allocation		53,215

People

Additional Educational Needs

Slide 6



High Needs Budget position for 2019/2020

Component	Budget 19/20 £'000
1. Places only	16,942
2. SEN Top-ups	25,714
3. AP Top-ups	1,039
4. Other SEN provision	6,568
5. Other AP provision	4,624
6. Services	3,300
Total Net Expenditure	58,187
DSG Funding 2019/2020	53,214
Transfers from other DSG blocks 2019/2020	2,566
DSG Funding 2020/21 or beyond	2,407
Total Funding	58,187
In year movement	
Brought forward @ 31/3/2019 (actual)	-1,145
In year overspend/use of future year funding	2,407
Carry forward @31/3/2020	3,552

1. Places

Analysis of 2019/20 numbers, rates and costs

	Current commitments April 2019					
2019/20	No of places April 2019	No of places Sept 2019	Rate (£)	Maintained provision £'000	Academies and Free Schools £'000	Total Commitments 2019/20 £'000
Special Schools (Pre-16)	909	951	£10,000	£6,558	£2,777	£9,335
Special Schools (Post-16)	134	106	£10,000	£507	£647	£1,153
EiBs (Pre-16)	15	15	£10,000	£150	£	£150
Resource Bases (Pre-16) - filled places	157	157	£6,000	£	£942	£942
Resource Bases (Pre-16) - unfilled places	40	41	£10,000	£	£406	£406
Resource Bases (Post-16)	52	34	£6,000	£36	£204	£240
FE places	484	484	£6,000	£	£2,904	£2,904
Pupil Referral Units	183	188	£10,000	£	£1,859	£1,859
Total	1,974	1,976		£7,271	£9,718	£16,989
Budget 2019/20						£16,942
Difference						£47

1. Places only funding

Core funding: This is the annual allocation an institution receives either

- directly from the provider local authority (for maintained schools and pupil referral units (PRUs), based on the financial year),
- or from ESFA (for academies, free schools, colleges, independent learning providers (ILPs), non maintained special schools (NMSS) and special post-16 institutions, based on the academic year).

Independent special schools and alternative learning providers do not receive an allocation of high needs funding from ESFA, but only receive high needs funding from the local authority placing the pupil or student.

Place Funding

- Every year there is dialogue between LA and maintained schools, local academies and further education (FE) institutions.
 - Review number of high needs places currently being taken up (that is CYP with SEN Support plans as well as those with education health and care plans (EHCP)).
 - Review the number of places required in the following academic year(s).
- A return is completed by the LA and sent to the ESFA (usually around mid November) advising the ESFA with these details for those funded directly by the ESFA: academy settings and General Further Education. The ESFA confirm numbers in January and implement in September.
- Maintained schools are paid directly by the LA rather than the ESFA.

High needs funding

To meet the educational needs of an individual child or young person with SEND, the provision must first use it's Notional Funding and core place funding (element 2). For example -

- changes to the curriculum
- special equipment
- to use extra information technology
- small group work
- additional support in the classroom
- somewhere quiet to work
- the people who work with them to get specialised professional advice

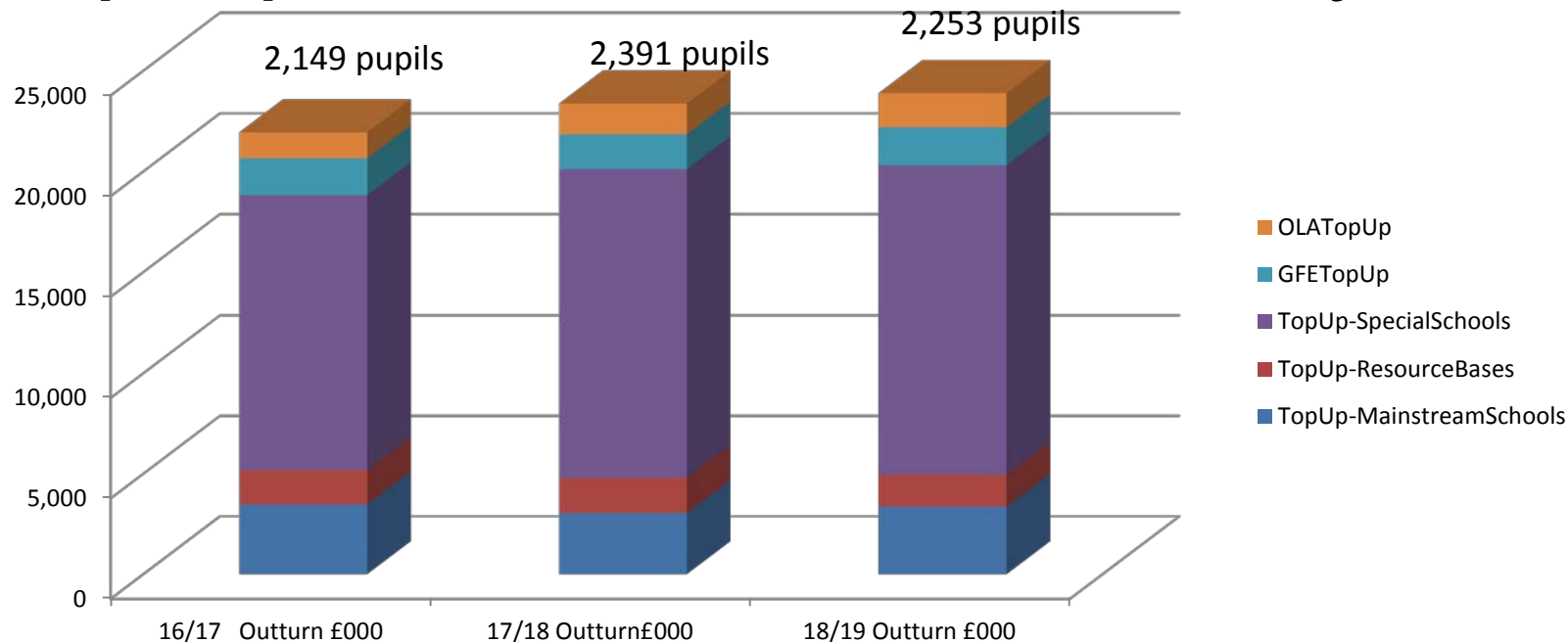
2 & 3. Top Up Funding Including Alternative Provision

- If a pupil has very complex needs which cannot be met after using the notional SEN and Element 2 funding then the education provision can apply for additional 'top up' funding to ensure they meet the individual's educational needs.
- The setting is required to spend top-up funding on direct support for the named pupil.
- Types of specialist support can *include*:
- Additional in Class Support
- access to Bristol Autism Team, Sensory Support Service or Educational Psychology Services
 - therapeutic interventions
 - highly specialised resources, such as social communication and interaction groups, specialised speech and language therapy or ICT modifications

Schools Notional SEN Budget in mainstream settings

- £42m of the schools block is identified as notional SEN which is 16% of the available funding.
- On the whole, the SEN notional budget should cover the SEN support that pupils require. This is because the Element 2 funding for mainstream pupils not in Resource Bases is included in the Schools Block. The notional budget takes account of the profile of the children in each school to give an indication of the overall funding for SEN within the budget share.
- There may be a very small minority of schools where there is a disproportionate number of pupils with SEND. Such schools might need some targeted additional support, but they should be very, very few in number.
- This is an area that the Finance Sub Group could review.

Top Up allocation over last 3 years



Cost Centre	16/17 Outturn £000	17/18 Outturn £000	18/19 Outturn £000
TopUp-MainstreamSchools	3,468	3,041	3,357
TopUp-ResourceBases	1,714	1,750	1,589
TopUp-SpecialSchools	13,639	15,316	15,358
GFETopUp	1,825	1,730	1,888
OLATopUp	1,296	1,527	1,691

People

Additional Educational Needs

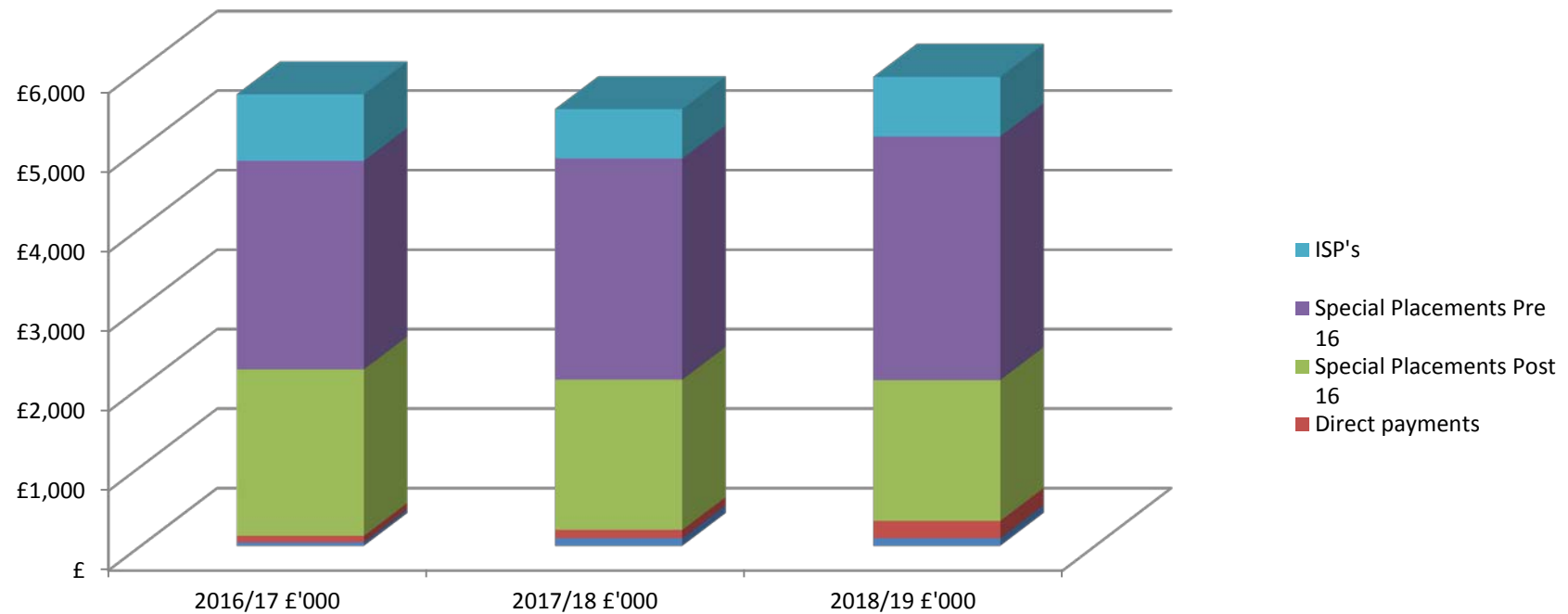
Slide 14



4. Other SEN provision

- This covers independent non maintained schools, colleges and independent specialist colleges.
- These placements are as a result of the complexity of the CYP educational, health or care needs which the LA are unable to meet within Bristol. Parental preference upheld by Tribunal also accounts for some placements.
- A local offer is always investigated first, as keeping our CYP within their communities and near their families is always preferred.
- Where local provision can not be sourced then a thorough commissioning process takes place.
- Once a CYP is placed out of local authority – contracts are put in place, provisions are regularly quality assured, termly attendance and progress reviews are received, value for money meetings are held and thorough transition back to Bristol planned.
- Whenever appropriate, split funded placements are commissioned so that a holistic approach is taken and funding fairly allocated.

Other SEN spend over 3 years



	2016/17 £'000	Pupil numbers	2017/18 £'000	Pupil numbers	2018/19 £'000	Pupil numbers
SEN Equipment	£43	N/A	£93	N/A	£96	N/A
Direct payments & contracts	£81	N/A	£106	N/A	£216	N/A
Special Placements Post 16	£2,094	29	£1,889	28	£1,771	27
Special Placements Pre 16	£2,625	41	£2,784	51	£3,068	54
ISP's	£835	10	£620	9	£748	9

People

Additional Educational Needs

Slide 16



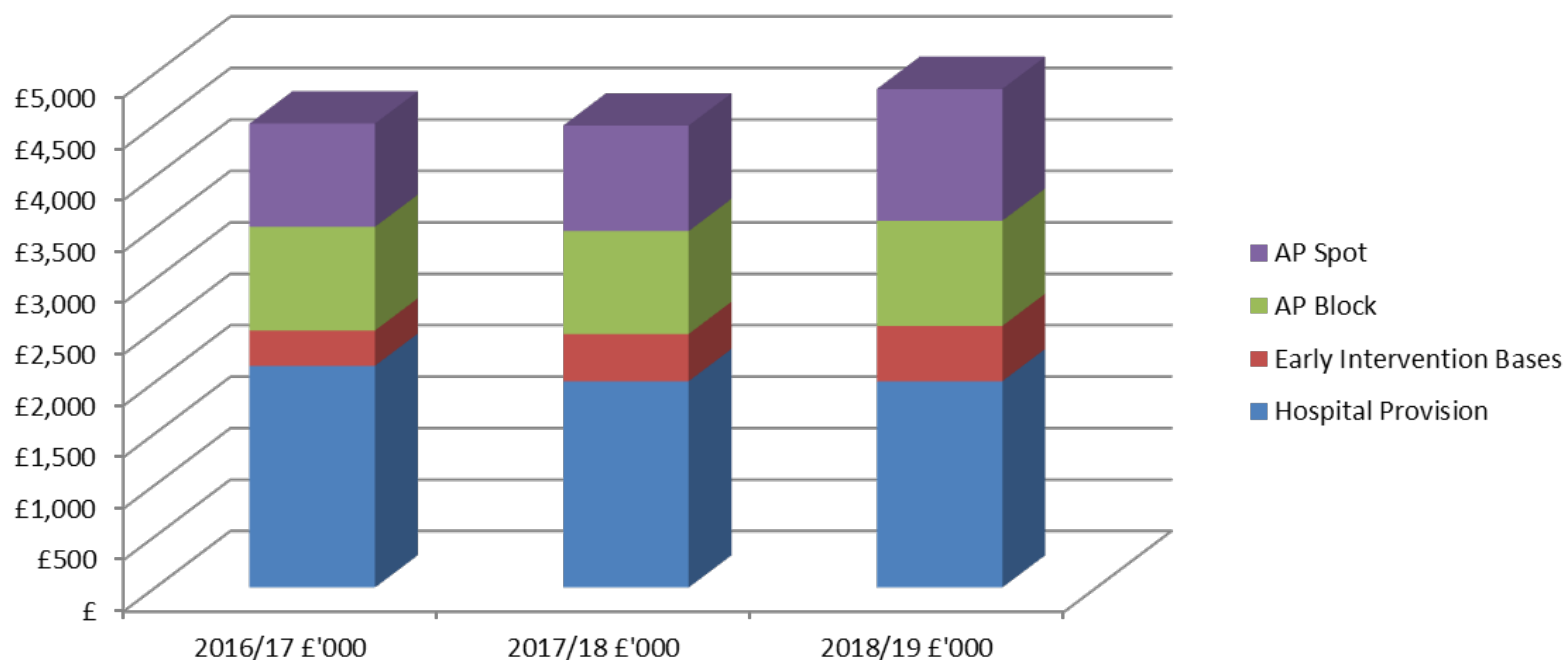
5. Other ALP Provision

- This covers block purchase of ALP provision at
 - Learning Partnership West
 - Include
 - Bristol Futures Academy

This also covers spot purchase of ALP provision including:

- Bristol Hospital Education Service
- EIB top-up

ALP Provision



	2016/17 £'000	Pupil numbers	2017/18 £'000	Pupil numbers	2018/19 £'000	Pupil numbers
Hospital Provision	£2,005	N/A	£2,155	N/A	£2,155	N/A
Early Intervention Bases	£343	30	£459	30	£538	37
AP Block	£1,007	72	£999	83	£1,022	87
AP Spot	£1,004	109	£1,027	143	£1,281	128

People

Additional Educational Needs

Slide 18



6. Services

- Within the local authority there are statutory duties which are paid for from the HNB.
- Staffing of: Alternative Learning Hub, SEND Business Unit, Proportion of - the Hope School & Director of Education
- Other services such as SEN assessment and therapies, PFI for special schools
- Statutory SEND contracts – Bristol Autism Team, Sensory Support, Psychology services, YOT.

Services – Detail of Expenditure

Cost Centre	16/17 Outturn £000	17/18 Outturn £000	18/19 Outturn £000
ALNCommissioning (Education Psychologists)	1,159	816	797
ALNStaffing (adj for early help staffing)	834	431	578
SENAssessment&Therapy	323	201	323
SENSafeguarding	-28	-40	-23
SpecialSchoolPFI	353	448	516
The HOPE	439	382	219
TWSCCommissioning	738	507	558
Total	3,819	2,745	2,967

People

Additional Educational Needs

Slide 20



Key Messages

- Volatile budgets which fluctuate year on year depending on the cohort of pupils and market conditions.
- The HNB is a collective responsibility – it supports all phases of education
- Service has been expanded to provide education provision to 25 without additional funding.
- Requirement for EHCP conversions
- When the national funding formula is implemented there will be no movement between blocks.
- £1,1m overspend at 18/19
- Forecast for 19/20 will result in a cumulative overspend of £3.5m

Questions

Any questions?

Bristol Schools Forum
High Needs Block

Date of meeting:	15 th May 2019
Time of meeting:	5.00 pm
Venue:	City Hall, Writing Room

1. Purpose of report (FOR INFORMATION)

- 1.1 To update Schools Forum on the financial year end 2018/2019 outturn
- 1.2 To provide Schools Forum with the previous three year high needs block breakdown (via presentation) and the proposed 2019/2020 High Needs Budget position.
- 1.3 To advise Schools forum on funding streams and three year spend trends for Bristol Hospital Education Service.
- 1.4 To provide information to Schools Forum on Hope, Virtual School including funding streams
- 1.5 To indicate how the SEND capital strategy is developing.

2. Recommendations

- 2.1 **To note the 2018/2019 High Needs budget outturn;**
- 2.2 **To note the last three years funding levels and 2019/2020 High Needs Budget;**
- 2.3 **To note the information provided on BHES and Hope Virtual School and ask questions**
- 2.4 **To note and comment on the ESFA's call for evidence on the High Needs national funding arrangements.**

3. Summary and Context

- 3.1 This paper provides an update on the outturn on 2018/19 budget position, which documents an improved position of £120k on Period 10's adverse position.

3.2 During April 2019 Schools Forum meeting, further information was requested with regards to Bristol Hospital Education Service, The Hope Virtual School, Alternative Learning Provision strategy and SEND capital strategy and these are covered either in this report and in the separate PowerPoint presentation.

4. **Budget Monitoring Position for 2018/2019 outturn.**

4.1 **Table 1** sets out the 2018/2019 outturn position

Table 1: High Needs Block budget outturn for 2018/19

Component	Period 10 Forecast 2018/19 £'000	Outturn 2018/19 £'000	Change (Adverse = +ive)
1. Places only	15,602	15,655	54
2. SEN Top-ups	23,929	23,883	-45
3. AP Top-ups	922,518	878	-44
4. Other SEN provision	6,043	5,898	-145
5. Other AP provision	5,006	4,996	-11
6. Services	3,162	3,234	72
Total 2018/19	54,665	54,544	-120
Brought Forward	-2,055	-2,055	0
DSG Funding (gross)	55,454	55,454	0
Total Funding 2018/19	53,399	53,399	0
Overspend (cumulative)	1,266	1,145	-120

4.2 **Places only (£0.054m adverse)** Due to timing, some of the proposed adjustments to core funded places had not been implemented by year-end, when it was forecast at P10 that they would have been.

4.3 **2. SEN Top-Up (-£0.045m improvement)** movement over the last period includes: additional spend on special schools of £161k and out of local authority top up at £93k increase but this is offset by an underspend seen on resource bases of £74k, maintained school top up of £117k and general further education colleges of £107k resulting in an underspend of £45k.

4.4 **3. AP Top-up (-£0.044m improvement):** Steps continue to be taken to improve accuracy and timeliness of data shared between PRU's and the local authority, so that Top-up can be paid accurately and timely forecasts produced.

4.5 **Other SEN Provision (-£0.145m improvement):** Improvement seen as a result of Pre and Post 16 independent placements not required during the financial year although listed on the contingency for 2018/2019.

4.6 **Other AP Provision (-£0.011m adverse).**

4.7 **SEN services (+£0.072m adverse)** The increase seen on the outturn is as a result of an overspend of £0.152m on PFI as the payment for this had been made in arrears so the decision was taken in 18/19 to bring these up to date. This overspend was then offset by an underspend on local authority staffing and contractual spend of £0.080m.

5. High Needs assessed financial position for 2019/20

5.1 **Table 2** sets out the High Needs Budget position for 2019/20. At this early stage of the financial year, a review of activity against forecasts is not possible but at the time of writing, the only known significant change are due to agreement to increases in core funding over three provisions, in order to meet increasing needs in the city which equates to £0.047m.

Table 2: High Needs Budget position for 2019/20

Component	Budget 2019/20 £'000	Forecast 2019/20 £'000	Change (Adverse = +ive)
1. Places only	16,942	16,989	47
2. SEN Top-ups	25,714	25,714	0
3. AP Top-ups	1,039	1,039	0
4. Other SEN provision	6,568	6,568	0
5. Other AP provision	4,624	4,624	0
6. Services	3,300	3,300	0
Total Net Expenditure	58,187	58,234	47
DSG Funding 2019/20	53,214	53,214	0
Transfers from other DSG blocks 2019/20	2,566	2,566	0
DSG funding 2020/21 or beyond	2,407	2,487	80
Total Funding	58,187	58,267	80
In year movement			
Brought Forward @31/3/2019	-1,145	-1,145	0
In year overspend/use of future year funding	2,407	2,487	80
Carry forward @31/3/2020	3,552	3,632	80

- 5.2 Through the presentation delivered in the meeting, Schools Forum have been advised of the last three year spend on the high needs block including data on alternative learning and independent non maintained provisions, with an opportunity to discuss.
- 5.3 The forecast in **Table 2** points to a £3.6m deficit by the end of March 2020. The strategy for addressing the High Needs budget is to: **Lobby** Central Government for more resources; **Transform** the service through the High Needs Transformation Programme; and **Transfer** funding from elsewhere if opportunities should arise.
- 5.4 Elsewhere on the agenda there is a proposal to adjust year-end balances to support the High Needs budget as far as might be practical. This is consistent with the idea of transferring funding if it should become available. The final decision will rest with Cabinet in June, following feedback from Schools Forum on the proposed way forward. If the proposal were to be implemented as written, it would improve the forecast deficit, all other things being equal, by **£1.962m**. This would reduce the forecast deficit in Table 2 to **£1.670m**.

6. Historic spend on High Needs Budgets

- 6.1 Schools Forum requested an analysis of High Needs spend over the last three years. Some of that information is contained in the related presentation elsewhere on this agenda and some is covered in details about Bristol Hospital Education Service and Hope Virtual School which are included in subsequent sections of this report.
- 6.2 **Appendix 1** sets out an overview for the cost-centres which make up the High Needs budget, organized by the six category of expenditure which are reported each meeting.
- 6.3 As expected, this shows a 5% rise each year between 2017/18 and the forecast position for 2019/20 (16.1% increase in total across that period).

7. Bristol Hospital Education Service

- 7.1 As requested by Schools Forum the last three years funding is provided below:

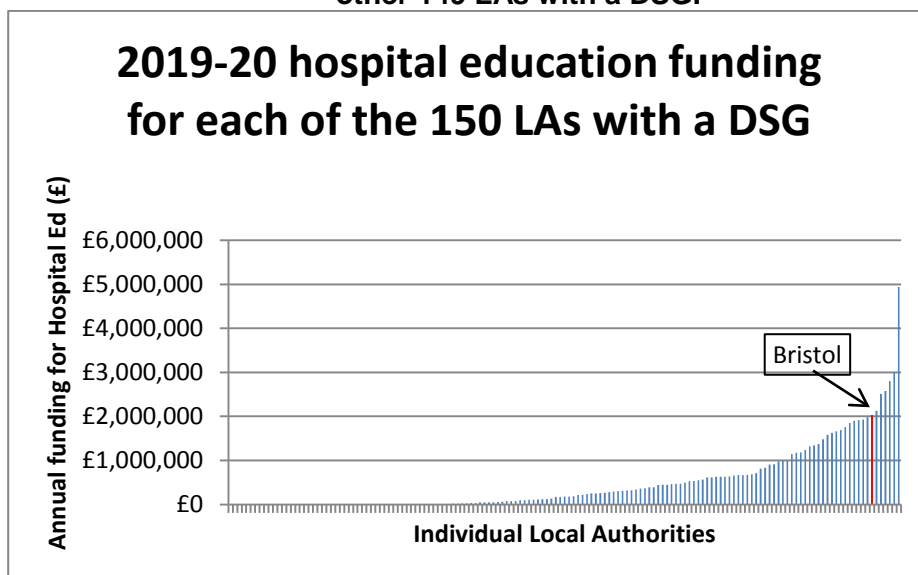
Table 3: Funding for Bristol Hospital Education Service

Financial Year	Funding £'000
-------------------	------------------

2016/17	2,005
2017/18	2,155
2018/19	2,155

- 7.2 The Hospital Education Service has been funded for many years on the same basis as the ESFA fund the authority for hospital education; as a lump sum. In 2017/18, the place funding for The Meriton was combined to supplement the funding for the Hospital Education Service, but other than that their funding has been stable. While other types of alternative provision have attracted place and top-up funding, the HES most commonly operates with a single budget.
- 7.3 The size of individual hospital education services varies between local authorities. It will be dependent on the size of hospitals in the area (eg a regional centre for children's medical conditions will have more need for a standard general hospital). It will also be dependent on how hospital education has traditionally been delivered locally.
- 7.4 The pattern of funding across the 150 local authorities is set out in **Table 4**. One third of all LAs have no hospital education service and receive no funding. Bristol has a relatively large hospital education service with only 6 other authorities receiving more funding, including Birmingham from the Core Cities and Somerset from the South West.
- 7.5 The Department for Education has not been able to devise a different way of building the relative costs of hospital education provision into the High Needs Block National Funding Formula. So, past patterns of funding have prevailed.

Table 4: Relative funding for Bristol for Hospital Education, compared to the other 149 LAs with a DSG.



8. Hope Virtual School

8.1 **Table 5** provides a summary of the level and source of funding over the last 3 years for the Hope Virtual School, including a brief subjective analysis of spend.

Table 5: Analysis of funding streams for Hope Virtual School 2017/18 to 2019/20

Financial year	Subjective Analysis	Funding Source					
		General Fund	Early Years Block	High Needs Block	Pupil Premium Grant	VSH PLAC Grant	Grand Total
2019/20	Employees	86,130	32,130	189,020	335,930	27,000	670,210
	Non-Employees			46,510	857,770		904,280
Total 2019/20		86,130	32,130	235,530	1,193,700	27,000	1,574,490
2018/29	Employees	91,245	31,963	172,122	307,832	37,406	640,568
	Non-Employees	735	970	47,094	885,868		934,667
Total 2018/19		91,980	32,933	219,216	1,193,700	37,406	1,575,235
2017/18	Employees	94,139	31,472	362,747	68,888	0	557,246
	Non-Employees	879	478	19,317	957,112	0	977,786
Total 2017/18		95,018	31,950	382,064	1,026,000	0	1,535,032

8.2 The HOPE school provides support to 338 children/young people who have education, health and care plans from pre-school to post 16.

8.3 There are 264 pupils in the Hope who are statutory school aged to year 13 with EHCPs (this is approx. 43.4% of total HOPE stat. school age pupil population). These YP often experience additional transitions due to care placement changes and moves out of authority and are our most vulnerable learners. It is necessary for them to therefore receive enhanced support from Virtual School Professionals.

8.4 The work of the Hope is preventative as it supports the inclusion of children in the appropriate (main stream where possible) setting and therefore saves the HNB costs further down the line in terms of Independent non maintained provision.

8.5 Data indicates that due to the targeted work of the Virtual School fewer pupils with EHCP's are now missing education and where they are not in school full time reintegration plans are usually in place.

8.6 Clearly not all pupils who are Children in Care have EHCPs but every child in care has had a traumatic experience and many have multiple Adverse Childhood experiences (ACEs). Bristol City Council is committed to supporting the most vulnerable learners in line with the CIC Pledge and One City one Plan and this small spend reflects this commitment.

- 8.7 Schools have representation on the HOPE governing body via elected sector leads for all sectors and therefore contribute to the HOPE decision making processes.

9. SEND Capital Strategy

- 9.1 SEND colleagues and the Education Capital Team are currently looking at how best to utilise basic need grant funding to deliver the Council's statutory obligations in sufficiency and improve the quality of SEND schools' buildings.
- 9.2 A number of key areas of need have been identified and projects are being considered to address these. Three projects have been identified as immediate priorities. Others are being identified and will be discussed and reviewed in the future.
- 9.3 A report will be taken to Cabinet in September 2019 recommending commitment of capital on projects and a continued monitoring of need and responses required by the Council. Future capital funding is currently unknown so even short term capital planning is difficult. Schools involved are aware of specific plans. All special schools will be involved before the report is considered by Cabinet.

10. ESFA Call for Evidence

- 10.1 Late in the preparation of this report, the ESFA confirmed provided details of a call for evidence to address the High Needs funding position nationally. Their bulletin on 8th May 2019 said:

In December 2018 the Secretary of State announced our intention to hold a call for evidence on the current funding arrangements for those with special educational needs (SEN), those with disabilities, and those who require alternative provision.

We accept that the overall amount of funding available is the most pressing concern. However, this call for evidence is intended to help us understand how the current available funding is distributed, and what improvements to the financial arrangements could be made in future to get the best value from any funding that is made available.

The call for evidence will be open from now until 31 July 2019.

- 10.2 Schools Forum may wish to consider how a Bristol response (or responses) should be compiled.

City Outcome: *What is the proposed outcome for the city and how does this contribute to the Corporate Plan?*

- **Empowering and Caring:** Safeguarding and promoting the welfare of children and young people with SEND and equipping the children and young people in our care with the skills and tools to live fulfilling, successful, and rewarding lives.
- **Fair and Inclusive:** Demonstrating due regard to the need to eliminate discrimination, advance equality of opportunity and continue to improve outcomes across education, health and social care for children and young people with Special Educational Needs and/ or Disabilities aged 0-25 years. To ensure everyone has access to a high quality education with appropriate levels of support and resources. Reducing in the gap between disadvantaged pupils (including pupils with special educational needs, disability and children in care) and the Bristol Average at Key Stage 4. An increase in the proportion of young people who have experience of work/apprenticeship by school age 16.
- **Well connected:** Supporting social inclusion and community cohesion for children and young people with SEND, and their families.
- **Wellbeing:** Children and young people with SEND aged 0-25 years and their families will have access to appropriate support for their needs from birth and will be better able to co- ordinate support around the child, achieve better outcomes and make firm plans for their future. Encourage life-long learning in environments where both academic and emotional development are understood and delivered together and increase overall educational performance.

Health Outcome summary: not applicable

Sustainability Outcome summary: not applicable

Equalities Outcome summary: No savings are planned and therefore these proposals and processes employed aim to minimize any impact on protected groups within the next financial year. All project work streams have completed equalities checks and draft initial Equalities Impact Assessments that will evolve as each project progresses.

Impact / Involvement of partners: consultation with schools as well as wider stakeholders and partners is indicated in the report

Consultation carried out: This report is part of the engagement with schools and other partners prior to this matter being considered by Cabinet and Council.

Financial Issues: The underlying financial position in the High Needs block remains a concern. The difference between the 2019/20 High Needs budget agreed by Council and the DSG for High Needs is £5m. The strategy is to lobby government, transform the service and transfer funding where opportunities arise. This strategy will need to be kept under review and adapted as necessary.

Appendix 1

Summary of High Needs Block Net Expenditure on ABW at Cost Centre Level Including Recoupment

Component	Cost Centre	16/17 Outturn £000	17/18 Outturn £000	18/19 Outturn £000	19/20 forecast £000
Places Only	Core Place Funding	9,428	7,846	6,597	7,550
Places Only	Recoupment	4,179	8,308	9,325	9,439
Places Total		13,606	16,154	15,922	16,989
SEN Top Ups	GFE TopUp	1,825	1,730	1,888	2,661
SEN Top Ups	OLA TopUp	1,296	1,527	1,691	1,500
SEN Top Ups	TopUp Mainstream Schools	3,468	3,041	3,357	3,986
SEN Top Ups	TopUp Resource Bases	1,714	1,750	1,589	1,903
SEN Top Ups	TopUp Special Schools	13,639	15,316	15,358	15,664
SEN Top Ups Total		21,947	23,368	23,883	25,714
AP Top Ups	TopUp PRUs	716	843	878	1,039
AP Top up Totals		716	843	878	1,039
Other SEN Provision	Direct Payments	81	106	216	345
Other SEN Provision	ISP's	835	620	748	709
Other SEN Provision	SEN Equipment	43	93	96	96
Other SEN Provision	SpecialPlacementsPost16	2,094	1,889	1,771	1,977
Other SEN Provision	SpecialPlacementsPre16	2,625	2,784	3,068	3,442
Other SEN Provision Total		5,682	5,492	5,898	6,568
Other AP Provision	ALP Spot Purchase	1,004	1,027	1,281	943
Other AP Provision	Hospital Education Services	2,005	2,005	2,155	2,155
Other AP Provision	EIB (Woodstock & CLF)	343	459	538	450
Other AP Provision	External ALP Block	1,007	999	1,022	1,075
Other AP Provision Total		4,359	4,490	4,996	4,624
Services	ALN Commissioning	1,159	816	797	927
Services	ALN Staffing (adj for early help staffing)	834	431	578	974
Services	SEN Assessment & Therapy	323	201	323	300
Services	SEN Safeguarding	-28	-40	-23	0
Services	Special School PFI	353	448	516	307
Services	The HOPE	439	382	219	236
Services	TWS Commissioning	738	507	558	558
Services Total		3,819	2,745	2,967	3,300
Grand Total		50,129	53,093	54,544	58,234

Bristol Schools Forum
DSG Overview 2018/19 Outturn and 2019/20 Budget

Date of meeting:	15 th May 2019
Time of meeting:	5.00 pm
Venue:	Writing Room, City Hall

1 Purpose of report (LA consulting Schools Forum)

- 1.1 This report explains the year-end outturn for the 2018/19 DSG. This includes identifying year-end balances and seeking any indications from Schools Forum on the approach to treating them, plus reporting on maintained school balances.
- 1.2 It also updates on the overall 2019/20 DSG position, but there is not much change since the reported position in April 2019, other than the knock-on impact of any changes to year-end balances.

2 Recommendation

2.1 Schools Forum is invited to:

- a) note the 2018/19 outturn position set out in Table 1, which includes a net cumulative surplus of £2.0m, an improvement of £0.5m on the forecast position at Period 10
- b) give views on how Cabinet might agree the treatment of the carried forward surplus, specifically:
 - i. Transfer the £1.561m Schools Block balance to the High Needs Block;
 - ii. Transfer the £17k underspend on the Central School Services Block to the High Needs Block;
 - iii. Retain £0.517m of the Early Years year-end balance for the local Maintained Nursery Schools Supplement and £0.208m for a one-off increase to early years SEN funding rates, and transfer £0.390m to the High Needs Block;
 - iv. The adjusted High Needs Block balance to be £0.823m surplus.
- c) note the number of maintained schools with surplus and deficit balances and the overall position by sector;
- d) note the need for the Council to write-off £1.5m of school balances from its own non-DSG funds where previously maintained schools have left deficits at the point they became sponsored academies.

3 Background

- 3.1 Schools Forum has been receiving updates on the financial position of the DSG for 2018/19 throughout the financial year. The most recent one was for Period 10, which forecasted an overall in-year underspend of £2.5m. Taking account of the overall deficit of £1.0m brought forward, this indicated a forecast cumulative surplus of £1.5m at the end of March 2019. The final position has improved by £0.5m and this is explained in the report.
- 3.2 The financial position is reported to Schools Forum on the basis of the individual blocks of the DSG. As in previous years, the year-end surpluses or deficits for individual blocks are considered to determine whether any shifts in funding are necessary. For instance, if there are deficits, should any of the surpluses be used to reduce or eliminate them, as happened at the end of 2017/18 financial year? This is considered by this report, too.
- 3.3 Finally, the financial position of individual maintained schools is considered. This includes the numbers of schools with surpluses and deficits, the overall financial position of each sector and changes since March 2018.

4 Summary DSG Outturn 2018/19

- 4.1 The previously reported position in April 2019 was a forecast £2.5m in-year surplus on the Dedicated Schools Budget for Period 10 2018/19. This would have reduced the brought forward deficit on the DSG from £1.0m to a £1.5m surplus.
- 4.2 The latest position overall is an improvement: a £3.0m in-year surplus and a consequent £2.0m cumulative surplus. This £0.5m improvement since Period 10 is accounted for in improved positions in each of the blocks.
- 4.3 The Outturn position is set out in **Table 1** with more detail set out in **Appendix 1**.

Table 1: Summary DSG position 2018/19 Outturn Period 12 (£'000)

		Funding	Actual Period 12 (Outturn)	In-year variance	Cumul- ative Carry- forward 2018/19	P10 Carry- forward 2018/19	Movement since Period 10
	b/f	2018/19	2018/19				
Schools Block		253,423	251,862	-1,561	-1,561	-1,438	-123
De-delegation	-357		-57	-57	-414	-357	-57
Schools Central Block		2,262	2,245	-17	-17	-14	-3
Early Years	-500	36,802	36,187	-615	-1,115	-953	-162
High Needs Block	2,055	55,454	54,544	-910	1,145	1,265	-120
Funding	-182	347,941	-347,759	182			
Total	1,016		-2,978	-2,978	-1,962	-1,497	-465

4.4 Schools Block (-£1.561m cumulative underspend). Combination of excess recoupment, dating back to 2016, reimbursed (-£1.438m), an underspend on the Growth Fund of -£98k and some modest variances arising from recoupment calculations of -£25k.

4.5 De-delegation (-£0.414m cumulative underspend). The majority of this underspend is attributable to Schools In Financial Difficulty, which has not had any new funding added to it for 2019/20 because of the availability of unspent monies from previous years. The remainder is minor underspends on the trades union services. This is set out in **Table 2**.

Table 2: Outturn for de-delegated items 2018/19

	Brought forward 1.4.18 £'000	In-year movement £'000	Carry forward 31.3.19 £'000
Schools In Financial Difficulty	(290)	(44)	(334)
TU Facility Time	(72)	(12)	(84)
Health & Safety Roving Reps.	5	(1)	4
De-delegated Services	(357)	(57)	(414)

4.6 School Central Block (-£17k cumulative underspend). A modest underspend of £14k in the Schools Forum budget with the balance (£3k) in Combined Services.

4.7 Early Years (£1.115m cumulative underspend). The final analysis of the January 2019 pupil census was not available until very late in the financial

year. It confirmed expectations that participation levels were at least at the level of January 2018; in the end participation overall was up by 1.5%. There is a separate report on the agenda regarding Early Years, explaining the detailed issues.

- 4.8 **High Needs Block (£1.145m cumulative overspend).** The outturn for 2018/19 was £0.120m better than that reported at Period 10 and the service underspent against the available in-year funding by £0.910m. The cumulative deficit is an improvement on the position at the end of 2017/18 because of that in-year underspend. A separate report to Schools Forum provides more detail about the components of this block.
- 4.9 **Funding (Nil variance).** The funding for 2018/19 includes £4.1m from the General Fund as a one-off contribution to support the PFI Affordability Gap. It includes the impact of the final Early Years DSG adjustment for 2017/18 and the notified entitlements to DSG for 2018/19 plus the estimated amount of additional 2018/19 Early Years DSG to be received in summer 2019.

5 Attribution of 2018/19 year-end balances

- 5.1 The Local Authority is obliged to carry forward a surplus on the Dedicated Schools Grant. It has become customary for Schools Forum to review year-end balances and advise whether they should remain in the block where the surplus accrued, or to move surplus balances to other blocks where deficits might exist.
- 5.2 **Table 1** indicates that there is a net surplus on the DSG of £1.962m at the end of 2018/19 financial year, but that includes a deficit of £1.145m on the High Needs Block (ie blocks in surplus by £3.104m, offset by High Needs in deficit by £1.145m to give a net surplus of £1.962m).
- 5.3 In September 2018 Schools Forum was invited to agree in principle that it would transfer any surplus balance on the Early Years Block at year-end to High Needs. Schools Forum decided to defer this decision to year-end.
- 5.4 The high level strategy for dealing with the funding pressures in the High Needs Block, reported in the January 2019 meeting is:
- a) **Lobbying** central government for more High Needs funding;
 - b) **Transforming** the High Needs service through the High Needs Transformation Programme via stakeholder engagement and public consultation; and
 - c) **Transfers** of funding from different blocks or funds to support the High Needs budget.

- 5.5 It is appropriate to consider what scope there is to transfer some of the year-end surplus balances to High Needs at this point, in this context.
- 5.6 The Local Authority is seeking Schools Forum's view on how it should proceed with any shifts in balances from the actual year-end position. This report sets out a proposal which is set out in **Table 3** and the Local Authority would welcome comments on that before a final decision is made by Cabinet in June 2019.

Table 3: Proposed amendments to DSG year-end balances 2018/19

	Carry-forward 2018/19 £'000	Transfer to High Needs £'000	Proposed Amended balance £'000	Comment
Schools Block	-1,561	+1,561	0	Much of the £1.561m arose from a windfall reimbursement where the ESFA had recouped too much from the Local Authority. Transfer the unspent balance to the High Needs Block.
De-delegation	-414	0	-414	Earmarked for Schools in Financial Difficulties and Trade Union activities for LA maintained schools, so leave it where it is.
Schools Central Block	-17	+17	0	Minor underspend not required in the Central School Services Block. Transfer to High Needs Block.
Early Years	-1,115	+390	-725	£0.517m for already agreed for Maintained Nursery School Supplement 2019/20, plus £0.208m to allow increase on SEN rates as agreed following consultation (as a one-off, pending outcomes of top-up review – see separate Early Years report). Transfer the £0.383m balance to High Needs Block.
High Needs Block	1,145	-1,968	-823	Start the year with a £0.8m surplus balance through transfers from other blocks, reducing the forecast for 2019/20 from £3.6m overspend to £1.6m overspend.
Total	-1,962	0	-1,962	No impact on the overall position; all changes are between blocks.

- 5.7 Schools Forum may take the view that less funding should be transferred to the High Needs Block and more should be retained by either the Schools Block or the Early Years Blocks. The risks section at the end of this report identifies some considerations on this matter, as do the reports elsewhere on the agenda on High Needs and Early Years.
- 5.8 If Schools Forum were to take the view that more funding should be retained in either Schools Block or Early Needs Block, it would be helpful to

have an indication as to whether this is for a specific spending priority or for a risk contingency (ie in case something happens).

6 Individual School Balances

6.1 Individual schools balances have improved by £3m on revenue and £1m on capital. **Table 4** has the summary position.

Table 4: Maintained School (and Children's Centre) balances 2018/19

	Revenue b/f 2018/19 £'000	Revenue Movement 2018/19 £'000	Revenue c/f 2018/19 £'000	Capital b/f 2018/19 £'000	Capital Movement 2018/19 £'000	Capital c/f 2018/19 £'000
Nursery	1,544	-249	1,295	-321	17	-304
Primary	-5,732	-1,009	-6,741	-2,035	-651	-2,686
Secondary	-260	-332	-592	-50	54	4
Special	-682	-796	-1,478	-1,126	-285	-1,411
Hospital	3	-266	-263	-1	-13	-13
Children's Centre	274	-344	-70	11	-37	-26
Total	-4,853	-2,996	-7,849	-3,522	-914	-4,436

6.2 17 out of 87 LA maintained schools and academies started the year with a revenue deficit. By the end of the year, 15 out of 78 LA maintained schools had deficits to carry forward into 2019/20. **Table 5** has the summary position.

Table 5: Numbers of schools with revenue b/f and c/f surpluses and deficits for 2018/19

	Deficit April 2018	Surplus April 2018	Total	Deficit March 2019	Surplus March 2019	Total	Change in deficit	Change in surplus	Change in total
Nursery	7	5	12	8	4	12	1	-1	0
Primary	5	52	57	4	45	49	-1	-7	-8
Secondary	1	2	3	0	2	2	-1	0	-1
Special	1	6	7	1	6	7	0	0	0
Hospital	1	1	2	0	2	2	-1	+1	0
Children's Centre	2	4	6	2	4	6	0	0	0
Total	17	70	87	15	63	78	-2	-7	-9

6.3 Part of this improvement has been because of the efforts made by schools to keep their budgets under control.

- 6.4 It is also the case, however, that part of this improvement has been the result of a small number of schools becoming academies where their accumulated deficit remains with the Local Authority when they become sponsored. In those circumstances, the Local Authority has no option but to write-off the resulting deficit. At the end of 2018/19 there are deficits to be written off against the Council's budget (ie non-DSG funds) of **£1.523m**.
- 6.5 Maintained schools can apply to become academies (optional conversion) or they can be ordered to become academies by the Secretary of State (sponsored conversion).
- 6.6 **Optional Conversion** Where a school chooses to convert to an Academy, the LA receives written notification from the ESFA. The ESFA issue an instruction to prepare a closing balance at the point of conversion, agree with the school and transfer to the school. Where there is a deficit on conversion, the school may request that this is recouped through the GAG (General Annual Grant) funding, in which case the LA advise the ESFA, who in turn pay the LA. The ESFA require the closing balances to be agreed and transferred within 4 months of conversion.
- 6.7 **Sponsored Conversion** Where a school is considered vulnerable, the ESFA can enforce an Academy Order, the LA will prepare a closing balance at the point of conversion. A surplus balance will be transferred to the school, and a deficit balance will be retained by the LA.
- 6.8 During 2018/19 there were 6 optional conversions. 5 of these converting schools had surplus balances amounting to £0.475m in aggregate. 1 of the converting schools had a deficit balance of £0.129m which the academy inherited. There were 3 sponsored conversions (plus one from the previous year which had not been fully resolved by year-end). The four sponsored conversions each had deficit balances amounting to £1.523m in aggregate.
- 6.9 Officers comply with ESFA guidance on the approach to adopt for treating final balances and a local checklist is followed to ensure that the accounts are closed properly. While officers will try to minimize any deficit that the local authority is required to accept, it is too late to have much impact once the school has converted and the final accounts are being prepared.
- 6.10 The existence of a deficit at maintained schools which have been sponsored to convert to an academy is not unusual: such a deficit may be one of the features of the school's circumstances that contributed to the judgement, or the deficit may be one of the consequences of the judgement (ie trying to address shortcomings).

- 6.11 The improvement in the numbers and size of school balances is not entirely due to academy conversions. It is evident that many individual schools and governing bodies have successfully improved their financial positions.
- 6.12 There remain 15 individual institutions in deficit.
- 6.13 2 of these are directly managed “Children’s Centres” offering funded early years provision in locations where other providers are not doing so. There are 6 such institutions being directly managed by the Local Authority and across the 6 there is a surplus, so these are not of great concern.
- 6.14 The LA will continue to support and challenge the 4 primary schools and 1 special school with deficits to help them manage their recovery to a balanced position.
- 6.15 The nursery sector continues to be a concern, with 2/3rds of the 12 maintained nursery schools with a deficit, some of them representing a substantial proportion of their annual budgets.
- 6.16 An All-Party Parliamentary Group has been reviewing the future of maintained nursery schools and is due to report soon. This ought to lead to some conclusions about future funding arrangements for early years in the Spending Review whose timetable continues to be pushed back because of other more pressing government priorities.
- 6.17 Once it is clear how government sees the future for maintained nursery schools, Bristol can take a view about the policy and financial context in which our 12 nursery schools can operate. In the meantime, the Local Authority has tried to work with nursery schools to get them into a position where their financial position is not getting any worse. Of the 12 schools, half ended the year in a better position and half ended the year worse.

7 DSG 2019/20

- 7.1 The budget for 2019/20 has been set. **Table 6** sets out the latest position, taking account of the actual year-end balances, ie before any movements that might be actioned following this report.

- 7.2 By the end of March 2020, if we account for each block separately, these proposals would produce the balances in Table 4 on each of the blocks, if spend was exactly to budget.
- 7.3 The figures would not work out exactly like this. De-delegated items would spend part of their underspend, and decisions to increase Early Years SEN rates or to distribute parts of unspent balances would increase the projected £1m overspend by March 2020.

Table 6: Indicative impact of 2019/20 budgets on the cumulative carry forward for each block by March 2020

	Brought forward 2019/20 £'000	DSG Funding 2019/20 £'000	Spend to budget 2019/20 £'000	In-year variance £'000	Carry-forward 2019/20 £'000
Schools Block	-1,561	259,445	259,445	0	(1,561)
De-delegation	-414				(414)
Schools Central Block	-17	2,329	2,329	0	(17)
Early Years	-1,115	36,433	36,950	517	(598)
High Needs Block	1,145	55,780	58,187	2,407	3,552
Funding		-353,987	-353,987	0	0
Total	-1,962	0	2,924	2,924	962

- 7.4 **Risks – High Needs.** The overall forecast position is still a net deficit by March 2020, with the underlying position for the High Needs budget being a deficit. Without the £2.566m funding transferred from other blocks (at budget setting time) for 2019/20, the underlying, in-year deficit for High Needs would be exposed as £5m (ie £2.407m + £2.566m).
- 7.5 The outcomes of the High Needs Transformation Programme are likely to impact on the arrangements for top-ups and Early Intervention Bases, but until these projects are complete (including public consultation), the precise impacts (up or down) cannot be known.
- 7.6 **Risks & Opportunities – Early Years.** During the last two years, there have been windfall underspends arising from the tendency for the January census funding basis to benefit LAs with particular patterns of participation during the year. This provides some opportunities to consider how this windfall funding could be used. A risk for Early Years, however, is that there may come a time when the reverse situation may occur if participation levels start to change.
- 7.7 **Risks & Opportunities – Schools Block.** The reimbursement of £1.4m of academy recoupment provides an opportunity to consider how this non-recurrent funding could be used. A future risk is the way that growth is now funded through the funding formula. Even in circumstances where 1,000 more pupils were counted in October 2018, compared to a year earlier, the

growth fund allocation in the DSG was driven by a protected amount, which may not be as high in the future.

- 7.8 The risks and opportunities for the 3 main service blocks of the DSG will be explored further in separate reports on Early Years, Schools Block and High Needs as appropriate, at this meeting, and then at future ones.

Appendix 1

Outturn position for Overall DSG 2018/19 as at Outturn Period 12

	Brought forward 1.4.18 £'000	Funding 2018/19 £'000	Outturn (as at Mar 2019) 2018/19 £'000	In-year movement £'000	Carry forward 31.3.19 £'000
Maintained Schools		(85,339)	85,339	(0)	(0)
Academy Recoupment		(165,498)	164,035	(1,463)	(1,463)
Growth Fund		(2,586)	2,489	(98)	(98)
Schools Block	0	(253,423)	251,862	(1,561)	(1,561)
De-delegation Services	(357)	0	(57)	(57)	(415)
Admissions		(461)	461	0	0
Centrally Retained		(1,800)	1,784	(17)	(17)
Schools Central Services	0	(2,262)	2,245	(17)	(17)
National Formula		(26,900)	28,358	1,457	1,457
Funding Accrued		(1,262)	0	(1,262)	(1,262)
2 Year Old Funding		(4,576)	3,780	(796)	(796)
Pupil Premium (EYPP)		(366)	312	(54)	(54)
Additional Support Services		(881)	889	8	8
SEN Top up		(1,244)	1,358	114	114
Staffing		(1,476)	1,407	(69)	(69)
Disability Access Fund		(97)	84	(14)	(14)
Committed reserve	(500)	0	0	0	(500)
Early Years Block	(500)	(36,802)	36,187	(615)	(1,115)
Commissioned Services		(2,440)	2,897	458	458
Core Place Funding		(8,315)	8,485	170	170
Staffing		(895)	845	(50)	(50)
Top Up		(21,640)	22,873	1,234	1,234
Placements		(8,556)	8,749	193	193
Pupil Support		(314)	635	321	321
Schools in Financial Difficulty		(307)	516	209	209
HOPE Virtual School		(236)	219	(16)	(16)
Committed reserve	2,055	0	0	0	2,055
Funding agreed but not assigned		(3,428)	0	(3,428)	(3,428)
Academy Recoupment		(9,325)	9,325	0	0
High Needs Block	2,055	(55,454)	54,544	(910)	1,145
Early Help Project funding (allocated to High Needs)	(182)	0	182	182	0
Total	1,016	(347,941)	344,963	(2,978)	(1,962)

Bristol Schools Forum
Early Years DSG Funding 2019/20

Date of meeting:	15th May 2019
Time of meeting:	5 pm
Venue:	City Hall

1. Purpose of report (For information and decision)

- 1.1 This report sets out the final financial position for Early Years DSG for 2018/19 and restates the budget for 2019/20.
- 1.2 It considers the risks and opportunities relating to the Early Years Block in the context of a decision elsewhere on the agenda about how the net DSG surplus for 2018/19 should be treated.

2. Recommendations

- 2.1 Schools Forum is invited to:
 - a) Note the changes in participation levels between the January 2018 and January 2019 pupil censuses:
 - a. -6.1% reduction for 2 year olds (79 pte down)
 - b. +0.1% reduction in Universal Hours for 3 and 4 year olds (10 pte up); and
 - c. 11.1% increase for Extended Hours for 3 and 4 year olds (272 pte up).
 - b) Note that the Early Years Block underspent during 2018/19 and ended the year with a cumulative surplus of £1.115m at 31st March 2019.
 - c) Comment on the risks and opportunities associated with the Early Years Block
 - d) Comment on the proposal to retain £0.725m of the Early Years surplus and to transfer £0.390m of the surplus to the High Needs Block. This would allow the revised, retained surplus to provide for:
 - a. £0.517m for the local Maintained Nursery Supplement during 2019/20 financial year, as already agreed as part of the budget; and
 - b. £0.208m to permit the temporary increase in SEN funding for early years settings during 2019/20.
 - e) To agree the increases to SEN funding for early years settings, with effect from 1st April 2019, consistent with the proposals that were the

subject of consultation in December 2018, but for one financial year only, pending the outcomes of the full review of top-up arrangements in the High Needs Transformation Programme. This is subject to Cabinet confirming the use of the brought forward funding from 2018/19.

3. Early Years budget position 2018/19

- 3.1 Uncertainties about participation levels in January 2019, which accounts for 7/12ths of the DSG income for the year, meant there were uncertainties about the Early Years budget in 2018/19. The report to Schools Forum in April 2019 had to be withdrawn because the analysis of the January 2019 census had not been completed.
- 3.2 The January 2019 census information has been successfully uploaded to the ESFA and the outcomes are now known.
- 3.3 The forecast for Period 10 2018/19 incorporated an assumption that participation levels in the January 2019 census would be the same as those for January 2018. That pointed to an underspend in Early Years of £0.985m cumulatively by the end of March 2019 .
- 3.4 The final position is an underspend of £1.115m. **Table 1** summarises the position and **Appendix 1** provides more detail.

Table 1: Summary outturn of Early Years DSG at year-end 2018/19

Component	Funding Received £'000	Actual Expenditure £'000	Difference £'000	Comment
Income 3 and 4 year olds	-31,735			Based on participation in Jan 18 and Jan 19
Income 2 year olds	-3,845			Based on participation in Jan 18 and Jan 19
Income 2017/18 (YE Accrual v Final ESFA)	73			Difference between year-end accrual raised 2017/18 and final ESFA adjustment for that year.
Mainstream Universal & Extended hours		9,529		
Mainstream Deprivation		381		
PVI Universal & Extended		16,966		
PVI Deprivation		250		
2YO expenditure		3,780		
Central Team		1,407		
SEN		1,358		
Quality Supplement		889		
Maintained Nursery School Supplement	-843	1,231		National funding with spend based on local factor, with difference funded from b/f 2017/18.
DAF	-97	84		

Component	Funding Received £'000	Actual Expenditure £'000	Difference £'000	Comment
EYPP	-354	312		
b/f from 2017/18	-500			Actual brought forward agreed from 2017/18
TOTAL	-37,302	36,187	-1,115	

3.5 The January 2019 pupil census pointed to a net increase of 1.5% on all early years participation, compared to 2018, with nearly all of the increase being in extended hours.

3.6 **Tables 2a and 2b** provides some indication of levels of participation in each of the terms.

Table 2a: Termly participation hours for 3 and 4 year olds 2018/19

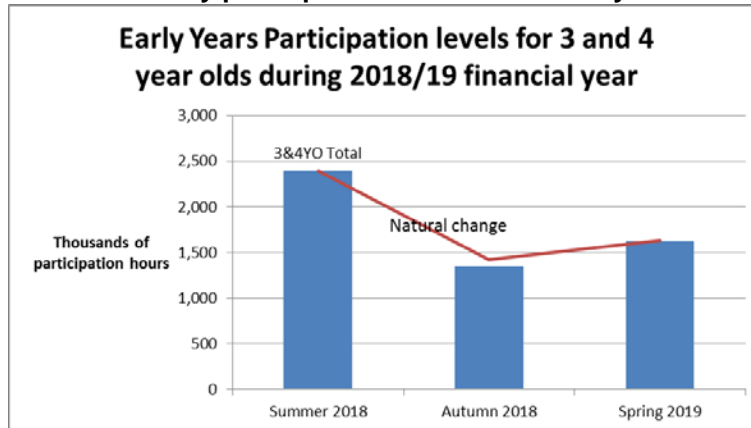
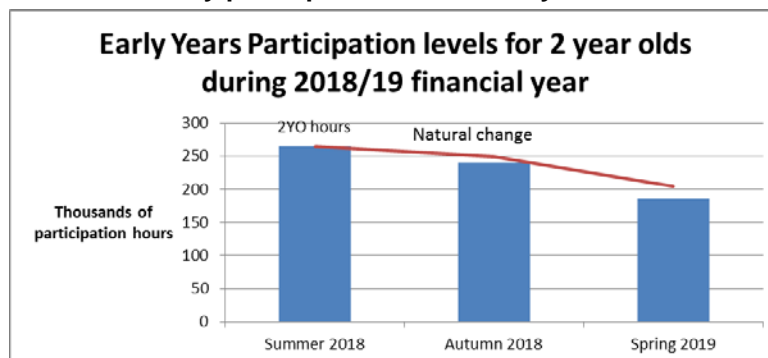


Table 2b: Termly participation hours for 2 year olds in 2018/19



3.7 The participation for three and four year olds displays the general pattern expected for the terms, indicated by the red line marked “Natural change”. The lowest term is the autumn term because children who turned four year olds since the previous September will have been admitted to Reception classes in mainstream schools. It is higher in the spring term because a term’s worth of 3 year olds become 4 and a term’s worth of 2 year olds become 3 (with none of the 4 year

olds being admitted to Reception Class). For the same reasons, the summer term has higher numbers still.

- 3.8 The pattern is also affected by the number of weeks in each term. Although participation in maintained settings is paid on the basis of one-third for each term, this is different for PVI settings. **Table 3** explains the differences.

Table 3: How each census is used to calculate spend or income 2018/19

Component	January 2018	May 2018	October 2018	January 2019
Expenditure: Maintained settings	Census not used for 2018/19	Pte pupils paid on the basis of hourly rate x $\frac{1}{3}$ rd of 570 days	Pte pupils paid on the basis of hourly rate x $\frac{1}{3}$ rd of 570 days	Pte pupils paid on the basis of hourly rate x $\frac{1}{3}$ rd of 570 days
Expenditure: PVI* Term-time only	Census not used for 2018/19	Pte pupils paid on the basis of hourly rate x $\frac{13}{38}$ weeks x 570 days	Pte pupils paid on the basis of hourly rate x $\frac{13}{38}$ weeks x 570 days	Pte pupils paid on the basis of hourly rate x $\frac{12}{38}$ weeks x 570 days
Expenditure: PVI* All-Year Round	Census not used for 2018/19	Pte pupils paid on the basis of hourly rate x $\frac{19.5}{47.5}$ weeks x 570 days	Pte pupils paid on the basis of hourly rate x $\frac{16}{47.5}$ weeks x 570 days	Pte pupils paid on the basis of hourly rate x $\frac{12}{47.5}$ weeks x 570 days
Income from ESFA	Pte pupils x $\frac{5}{12}$ ths x hourly rate	Not used	Not used	Pte pupils x $\frac{7}{12}$ ths x hourly rate

- 3.9 As can be seen in **Table 2a**, the natural pattern expected from the size of terms and the changing age group cohort was below expectations in autumn 2018 (by around 5%) and was at expected levels in the spring term. There may have been some natural variations in participation or in age group cohort sizes.

Table 4: Part-time Equivalent (PTE) participation January 2018 compared to January 2019

Type of provision	January 2018 Pte children	January 2019 Pte children	Difference	% Difference
2 year olds	1,288	1,209	-79	-6.1%
3 & 4 year olds Universal	7,184	7,194	+10	+0.1%
3 & 4 year olds Extended Hours	2,444	2,716	+272	+11.1%

- 3.10 The participation for 2 year olds, if population levels are stable, ought to vary only according to the relative size of each term (ie reducing each term from the summer onwards). This is because the number of 2 year olds who became 3 by the start of a new term should broadly equal the number of 1 year olds who become 2. What we see in **Table 2b**, however, is a reduction in 2 year olds in successive terms, by more than might be explained by the relative size of the terms (indicated by

the red line showing the natural, expected reduction from the summer term numbers).

- 3.11 This might suggest that population rates are slowing up (the latest statistics point to the number of Bristol births in 2017 being below 6,000 for the first time in a decade). Or it suggests that participation levels or the size of the cohort eligible for 2 year old early years education are lower. It is clear that the level of take-up for extended hours places has risen by 11% between January 2018 and January 2019 and it may be that this increase has crowded out opportunities for 2 year old take-up. The Early Years Service will analyse this further and consider what might be done about it.

4. Early Years Budgets 2019/20

- 4.1 Schools Forum considered the funding arrangements for Early Years for 2019/20 at its meeting in January 2019 and Cabinet and Council subsequently agreed to the budgets for 2019/20 financial year which are set out in tables 3, 4 & 5..
- 4.2 **Table 3** sets out the overall Early Years budget agreed for 2019/20. **Table 4** identifies the components of the budgets for 3 and 4 year olds, explaining how the £5.69 per hour per part-time equivalent place (570 hours per year) has been allocated. **Table 5** does the same for the budgets for 2 year olds, explaining how the £5.43 per hour has been allocated.

Table 5: Early Years DSG budgets for 2019/20.

Component	2019/20 EY Block Budgets agreed at Council		
	Rate per hour	Part-time equivalent pupils	Possible DSG £'000
3&4 Year Old <15 hour provision	£5.69	7,185.35	23,304
3&4 Year Old Supplementary 15 hour provision	£5.69	2,442.70	7,922
2 Year Old provision	£5.43	1,288.40	3,988
EY Pupil Premium			354
Disabled Access Fund			100
Maintained Nursery Supplement			1,282
Total EY DSG budgets 2019/20			36,950
Funded from			
Early Years anticipated underspend from 2018/19			517
Early Years DSG 2019/20			36,433
Total			36,950

**Table 6: Agreed funding rates and budgets 2019/20
(3 and 4 Year olds)**

Component of 3 and 4 year old funding	Agreed 2019/20 Hourly rates (£p)	Agreed 19/20 Allocation based on 9,628.55 pte pupils £'000
3 and 4 year olds base allocation per part-time equivalent pupil (15 hours)	£4.88	£26.781m
Deprivation Supplement (part of 10% devolved limit)	£0.13	£0.713m
Quality Supplement (part of 10% devolved limit)	£0.16	£0.878m
Emerging SEN	£0.25	£1.372m
LA centrally retained funding (5% of gross funding)	£0.27	£1.482m
Total funding for each pte pupil	£5.69	£31.226m

**Table 7: Agreed funding rates and budgets for 2019/20
(2 Year olds)**

Component of 2 year old funding	Agreed 2019/20 Hourly rates(£p)	Allocation based on 1,288.40 pte pupils £'000
Retained to administer 2 year old arrangements	£0.03	£0.022m
2 year olds base allocation per part-time equivalent pupil (15 hours)	£5.40	£3.966m
Total funding for each pte pupil	£5.43	£3.988m

- 4.3 The pupil numbers for January 2019 will result in a refresh of the Early Years DSG by the ESFA in the summer, expected to be in the region of 1.5% (£0.5m) more, to reflect 1.5% more pupils in January 2019, compared to January 2018.
- 4.4 **Appendix 1** sets out what the natural movement in hours of participation would be with stable population rates. From the January 2019 census numbers, and using this analysis, it would suggest the following pattern of spend in each term on universal and extended hours for maintained and PVI settings. This will be the benchmark for monitoring whether expenditure is consistent or not with that in 2018/19.

Table 8: Forecast pattern of 2 year old and 3&4 year old spend per term 2019/20

Term	2YOs Predicted Participation Hours	Forecast Cost 2YOs 2019/20 (Hours x £5.40)	3&4YOs Predicted Participation Hours	Forecast Cost 3&4YOs 2019/20 (Hours x £4.88)
Summer 2019	241,002	£1,301,410	2,222,990	£10,848,192
Autumn 2019	226,627	£1,223,788	1,320,253	£6,442,836
Spring 2020	205,066	£1,107,355	1,592,857	£7,773,141
		£3,632,553		£25,064,169

4.5 Emerging SEN. During December 2018 and January 2019, early years settings were consulted on a proposal to change the basis of SEN funding for early years. At the January 2019 meeting, a decision on changes to the SEN rates for Early Years was deferred for two reasons:

- **Uncertainty of the underspend.** At that stage, it was not clear whether the underspend for 2018/19 would be in the region of £1m because so much rested on the January 2019 census, the outcomes of which were not yet known. It is now known that the underspend for 2018/19 is £1.115m.
- **High Needs strategy.** Early Years DSG should only be paying for emerging needs, not high needs. Any changes to High Needs funding should be consistent with the overall approach and should emerge from the top-up project within the High Needs Transformation programme. It was agreed that this matter should be considered there.

4.6 The High Needs Transformation Programme is considering the top-up rates for Early Years as part of the overall arrangements for top-ups in Bristol. Changes arising from this review may not be in place before January or even April 2020. It is appropriate that the HNTF continues to include Early Years in the overall review. In the meantime, however, the underspend in 2018/19 presents an opportunity to make a temporary change for early years settings, implementing the more permanent outcomes of the overall review of top-ups when firm decisions are made.

4.7 The Early Years SEN proposals were to increase the standard SEN hourly rate for all providers from £9.12 to £9.50 and, for settings which pay the Foundation Living Wage, they would be paid at a higher rate of £12, which would be sufficient to cover at least the Foundation Living Wage and on-costs.

- 4.8 The costs of making such a change are estimated to be £0.208m, as set out in **Table 9**.

Table 9: Illustration of possible increases to EY SEND funding rates

Band (i.e. Level of support)	Number of Hours funded at £9.12 an hour	Cost for 1 child over 570 hours (i.e. 15 hours per week over 1 academic year)	Current No of Children	Current costs	No of children in settings which do not pay FLW	Extra cost of basic increase to £9.50	No of children in settings which DO pay FLW	Extra cost of higher increase to £12	Total Future cost	Difference
1	5	£1,550	14	£21,706	10	£2,166	4	£6,566	£30,438	£8,732
2	7.5	£2,599	70	£181,944	34	£7,364	36	£59,098	£248,406	£66,462
3	10	£3,751	71	£266,293	28	£6,065	43	£70,589	£342,946	£76,654
4	15	£5,198	42	£218,333	9	£1,949	33	£54,173	£274,455	£56,122
Total			197	£688,275	81	£17,545	116	£190,426	£896,245	£207,970

- 4.9 The outcomes from the consultation on this particular issue were that 92% of respondents supported the proposal. The details of this aspect of the consultation, including written comments on it, are set out in **Appendix 2**.

- 4.10 Schools Forum are invited to agree the proposal in paragraph 4.6, so that, when Cabinet come to consider the outturn report for the Council in June 2019 they can agree this use of unspent DSG from 2018/19.

5. Use of unspent Early Years DSG 2018/19

- 5.1 Elsewhere on this agenda, officers set out the overall position on the year-end balances for 2018/19. There is an overall underspend on the DSG of £2.0m, but this masks a £1.1m deficit on the High Needs budget.
- 5.2 The proposal for consideration by Schools Forum is to transfer £1.968m of year end surpluses to the High Needs Block, including £0.390m from the Early Years Block. The Early Years brought forward balance would be reduced from the actual £1.115m to **£0.725m**.
- 5.3 It is important to remember that the vast majority of the £1.115m arises from fortuitous circumstances, rather than from planned savings. As happened in 2017/18, basing the income from the DSG on two January censuses generated more pupils to be funded than the three pupil censuses in May, October and January during the year identified pupils who needed to be funded. All settings received all the funding that they were entitled to; the ESFA funding system counts pupils in a different way and will sometimes provide more, sometimes less than is paid out. Section 3 of this report sets out that levels of participation, cohort size and the number of weeks paid in each term all contribute to the calculations of

how much will be paid out, using the agreed funding rates. This is different to the ESFA's calculations for income, using only the January census numbers.

- 5.4 Being able to retain 65% of what is largely a windfall saving allows for two areas of funding in the Early Years Block for 2019/20:
- a) **Local Maintained Nursery Supplement 2019/20 (£0.517m).** This has already been agreed as part of the budget setting by Council, in anticipation of the underspend in the Early Years block for 2018/19.
 - b) **Increase SEN rates for early years settings for 2019/20 (one-off) (£0.208m).** The proposal to do this is included within this report and, should Schools Forum agree, it will be recommended to Cabinet in June 2019 (backdated to 1st April 2019).
- 5.5 At the September 2018 meeting of Schools Forum, the Local Authority asked whether Schools Forum would agree in principle to the whole of any unspent balances on Early Years being transferred to the High Needs Block. It decided to defer the decision to year-end. The proposals here do not go that far, with only 35% of the final Early Years balance proposed to be transferred to High Needs Block.
- 5.6 If the whole of the **£1.115m** were to be retained within the Early Years Block, candidate projects for the use of the **£0.390m** balance might include:
- a) **Local Maintained Nursery Supplement summer 2020 (£0.215m)**
The DfE has confirmed that they will guarantee the national Maintained Nursery Supplement until at least the end of 2019/20 academic year (ie 5/12th of next financial year). For 2018/19 and 2019/20 Bristol has had a local variation of that to recognise the reducing value of the national supplement. For 2019/20 the local supplement is costing £0.517m currently, so 5/12ths of that would represent £0.215m. This could be set aside now to be sure that funds were available to meet such a cost. This matter could be considered again when setting the 2020/21 financial year budget. If current patterns of provision and funding continue during 2019/20, an underspend may well accrue to assist with this.
 - b) **Contingency (£0.175m).** Setting some money aside would be helpful, for future circumstances if the profile of participation in Bristol early years settings were to result in less funding than is needed. It would, however, take quite a swing in participation (ie either up in May and October or down in January) for this to be a real prospect.
 - c) **One-off increases to settings?** Instead of holding onto funding for known or possible future commitments, a decision could be made to distribute a fixed one-off sum to individual settings.

- If £0.390m were distributed to all 2, 3 and 4 year olds during 2019/20, it would allow around 6.3p per hour increase on 10,900 pte, £36 per year for each part-time equivalent child. On average, Private, Voluntary and Independent settings have around 27 pte children, so £36 per pte would give them an extra £972 per year. Maintained settings have 73 pte on average, so £36 per pte would give them £2.628.
- If the increase was counted towards the calculation of the local Maintained Nursery Supplement, this would allow the funding to go further. In effect, the increase for the 1,700 pte 3 and 4 year olds would result in a £ for £ decrease in their LMNS (ie the extra got them closer to their 2016/17 protected budget, so they did not need so much protection). This could increase the amount available to other settings.
- If the one-off increase were restricted to 2 year olds, 1,200 pte 2 years olds, sharing £0.390m would amount to £325 per pte per year, a temporary increase in rate of 57p per hour.

Allocating temporary extra sums has the down-side that they may not be sustainable for individual settings and their allocations for 2020/21 could revert to the lower amounts. Also, the sums, while welcome, may not make much material difference to what individual settings can offer in the short term.

- 5.7 It is for Schools Forum to comment on the proposal put forward for consideration (ie Early Years retain £0.725m and transfer £0.390m of their year-end balance to High Needs). A clear view from Schools Forum on the proposal would be considered by Cabinet in June 2019 where a final decision would be taken.

6. Risks

- 6.1 Funding rates for early years settings have reduced for 3 and 4 year olds in recent years. In 2017/18, the local universal hourly rate was £5.02, for 2018/19 it has been £4.88 and these proposals maintain that rate for 2019/20. Early years settings have to absorb cost pressures like other parts of the education service, so this would represent a real terms reduction in funding.
- 6.2 Proposed funding rates for 2 year olds would represent no change since 2017/18. Again, settings providing early years education for 2 year olds face cost pressures, too.
- 6.3 Additional budget pressures could be created if large numbers of children taking up the 30 hours entitlement are living in areas of deprivation and therefore attracting a higher hourly funding rate. It would need quite sizable changes for this to have any noticeable effect.

- 6.4 Take up of the Early Years Free Entitlement is not consistent across the academic year, with fewer children accessing their place in the Autumn Term. It is therefore difficult to predict with any accuracy what the annual take up rate will be.

7. Financial implications

- 7.1 The strategic financial position on the Early Years DSG is dependent on linking the levels of activity (eg numbers of part-time equivalent pupils, actual profile of deprivation allocations etc) against the income that will be generated from the variable DSG, sometimes in future terms. Higher levels of participation will generate some leeway for central spend, SEN and quality components of the formula; lower participation than anticipated may produce financial difficulties if the differences are material.
- 7.2 During 2019/20, the usual concern about the level of participation in the January 2020 census will create uncertainty in the monitoring and forecasting position.

Appendix 1

Model for pattern of participation hours with stable population and no change to paid weeks per term.

	TTO Mainstream	AYR PVI	TTO PVI
Proportions of pupils	42%	29%	29%

The above indicates what proportion of pupils are in each type of provision (Mainstream or PVI, All-Year Round or Term-Time Only).

Relative term size	TTO Mainstream	AYR PVI	TTO PVI	Combined
Summer 2019	33.3%	41.1%	34.2%	35.8%
Autumn 2019	33.3%	33.7%	34.2%	33.7%
Spring 2020	33.3%	25.3%	31.6%	30.5%
	100.0%	100.0%	100.0%	100.0%

The above takes account of the different number of weeks paid in each term for the different types of provision. For instance, all PVI provision pays for 12 weeks in spring term, but for AYR this is 12 weeks out of 47.5 and for TTO this is 12 weeks out of 38, thus, different percentages.

Cohort Size	2YOs	3YOs	4YOs
Summer 2019	100.0%	100.0%	58.3%
Autumn 2019	100.0%	100.0%	0.0%
Spring 2020	100.0%	100.0%	33.3%

The above assumes stable and consistent population rates. The only area of difference is for 4 year olds. In the autumn term, any child who was 4 on 31st August would be eligible for a Reception class place in a mainstream school. While not all children might take up such a place, the model assumes they all will. In subsequent terms, a new cohort of 4 year olds becomes available for early years education, without being eligible for a Reception Class place that term.

Combined impact	2YOs	3&4YOs
Summer 2019	35.8%	56.7%
Autumn 2019	33.7%	33.7%
Spring 2020	30.5%	40.6%

The above combines the impact of the proportions of provision type, the relative size of the terms and the relative size of the cohorts to produce a relative proportion to allow predictions of future participation hours if we know current levels. For instance, if we know the Spring 2019 participation for 2YOs, we would take that number and multiply it by 35.8 and divide by 30.5 to get a prediction of the summer 2019 participation rate.

Appendix 2

Early Years Funding consultation took place between Friday 7th December 2018 and Sunday 6th January 2019. All relevant early years settings were consulted on the issues.

Table: Number of respondents by type of setting.

Type of setting	Number of respondents
Academy Nursery Class	3
Childminder	22
Independent School Nursery Class	3
Nursery School	7
Private Nursery	24
School Nursery Class	5
Stand-alone Children's Centre (not on a school site)	5
Voluntary Nursery	10
Grand Total	79

Question 5. The Council proposes that, should there be an underspend in the Early Years Block of the Dedicated Schools Grant, the SEN Inclusion Funding rates for all providers be increased from £9.12 to £9.50 per hour and, for settings which pay all staff the Living Wage, they would be paid at a higher rate of £12.00 per hour. The higher rate is needed due to the higher salaries some providers are contracted to pay staff as well as 'on costs' consisting of higher pension costs etc. Do you agree?

Yes = 73 (92%)

No = 6 (8%)

Comments

Response	Comment
Yes	Why this distinction about the living wage only in this section?
Yes	Never knew about this would like more information please
No	The council has chosen to adopt this non-compulsory position. My staff do not benefit from this elevated wage so I am not sure what BCC staff should. The policy basically discriminates in favour of SEN children who happen to go to BCC settings.
Yes	Any increase is good, provided PVI's are included. I assume the council would want proof that we pay the living wage, which would require additional admin work.
No	I don't understand what this means so not in a position to agree or disagree

Response	Comment
No	You should do this sooner, most of already pay living wage and pensions which are due to increase soon. Current funding rate is not viable, there should be no underspend if you manage budgets effectively now. I agree with increased funding for SEN.
Yes	In our school, 18% of our current roll of children require 1:1 support for more than 50% of their session. To employ support workers fairly, we make a significant 'loss'. It is important to us to serve the local community and that means including these children, who live very locally. This proposal would help to alleviate this huge financial burden.
Yes	This will make a significant difference in covering our costs. Thank you.
Yes	Yes - the previous SEN payments were unrealistic in terms of salary vs provision.
No	The principle of increasing the rate for SEN inclusion is sound. It is unfair and unrealistic to expect settings to achieve the pay rates set by the Living Wage Foundation at the same time as cutting the rate paid on free places. The Living Wage rate has gone up by 3% this year alone. Where is the additional money supposed to come from?
Yes	But acknowledgement of higher wage costs here rather conflict with maintaining base rates. It's not logical.
Yes	But acknowledgement of higher wage costs here rather conflict with maintaining base rates. It's not logical.
No	Need to have a lot more information about this point, in order to make a more informed opinion

Report for Schools Forum
15th May 2019

Scheme for Financing Schools update

Author	David Tully/Travis Young
Service Director Sign Off for this paper	
People/ organisations who have been consulted to date:	All Bristol maintained schools
Deadline for final paper to be with Clerk (Corrina Haskins)	

Bristol Schools Forum
Scheme for Financing Schools update

Date of meeting:	15 th May 2019
Time of meeting:	5.00 pm
Venue:	City Hall, Writing Room

Purpose of report (For decision)

- 1.1 To inform Forum of the mandated updates to the Bristol City Council Scheme for Financing schools. (for information)
- 1.2 To inform Forum of the LA updates to the Bristol City Council Scheme for Financing schools, and the result of the subsequent consultation with maintained schools. (for information)
- 1.3 To request Forums approval of the LA updates to the Bristol City Council Scheme for Financing schools (for decision)

2. Recommendation

- 2.1 That the maintained school representatives of the Forum:
 - a) Note the directed changes to the local Scheme for Financing Schools;
 - b) Agree the revised proposal for Section 2.2.2 which requires quarterly reporting and medium term plans of at least 3 years;
 - c) Agree the proposal for Section 2.2.3 which refers formally to the “Support Process for Schools Causing Financial Concern”;
 - d) Note that the LA has no plans to change the thresholds for determining the amount of surplus balance that is regarded as excessive.

3. Background

- 3.1 Local Authorities are required publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. Bristol's current document dates from May 2017.
- 3.2 Changes to the scheme can be initiated by the LA or be directed by the Secretary of State. Since the previous issue there has been a change of practice initiated by the LA and adopted by schools concerning financial

reporting requirements and this needs to be reflected in the local scheme. There have been a number of directed revisions which should also now be reflected in the local scheme. The scheme is also required to list all maintained schools to which it applies and as there has been a number of academy conversions, this list also requires updating.

- 3.3 Proposed revisions must be subject to consultation with the governing body and head teacher of every maintained school subject to the scheme before they are submitted to Schools Forum for approval.
- 3.4 Where the Secretary of State makes directed revisions to schemes, such revisions become part of the scheme from the date of the direction.
- 3.5 The consultation was made available to all maintained schools via the Head Teacher's bulletin of 15th March 2019 and the response window was three weeks, closing Friday 5th April 2019. The consultation asked whether the school agreed or disagreed with the proposed revisions to sections 2.2.2 and 2.2.3. In addition to responding as Yes/No/Unsure to each of the revisions, the consultation provided the opportunity for the school to comment on each proposed revision and to make general comment overall. A copy of the consultation paper is provided at **Appendix 1**.
- 3.6 A total of seven schools responded to the consultation.

4 Consultation Proposals, key points from school responses and LA response

4.1 Directed Changes.

4.1.1 The vast majority of the document remains unchanged from the previous version. Of the changes to this version the majority have been directed by the Secretary of State. The directed changes are:

- At 4.10.5 School deficits which carry over on conversion cannot be converted to loans provided by the LA to the academy trust, this is a change stipulated by the SoS. This was consulted on by the DfE in 2018.
- There are a large number of relatively minor changes that have been stipulated by the ESFA. These broadly consist of changes in wording (e.g. 2.9.1 is changed from "schools must seek to achieve efficiencies" to "schools must seek effective management of resources" and the change of agency from CRB to DBS; the specific quotation of relevant legislation (e.g. 2.19.2 "on the grounds of Health and Safety" is replaced with "on the grounds of the Health and Safety at Work Act 1974", and further clarification of existing clauses (e.g. 10.1.4 clarifies

that the evidence schools buying equivalent insurance cover need to produce “The evidence required to demonstrate the parity of cover will be reasonable, and will not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier”.

- There have been changes to the arrangements on which schools are required to consult with the LA on the establishment of community facilities: in short schools are no longer required to consult, resulting in a change to 13.2.1 and the deletion of 13.2.2 and 13.2.3.

4.1.2 The list of maintained schools, shown in Annex 1 of the Scheme for Financing Schools document has been updated, following academy transfers subsequent to the previous version.

4.1.3 **LA Response on Directed Changes.** There is no discretion on the directed changes; they have to be incorporated into the scheme, so these are for noting only.

4.2 Section 2.2.2 Frequency and format of reporting.

4.2.1 The reporting requirement was proposed to be changed from twice per year to quarterly, and would prescribe the provision of a five year forecast, being the current year and four forward years. These changes are to recognise consistency with LA financial reporting and management practice, and to support medium-term budgeting and forecasting in a tighter financial climate. Most schools’ financial planning software will produce such a forecast and schools have been producing 5 year forecasts in recent quarters.

4.2.2 In response to the changes to 2.2.2 two schools agreed with the proposed revision, whilst five disagreed. Comments received in response to 2.2.2 are shown in appendix two.

4.2.3 **LA Response on section 2.2.2.** While 5 year financial planning is a standard feature of the budget software which most schools use, 5 year planning is not wholly welcomed by respondents to the consultation. The LA is firmly of the view that medium term financial planning is essential for schools, but not necessarily 5 years in all cases. The LA recommendation to Schools Forum is to require at least 3 years instead. In cases where schools are required to complete a recovery plan, we would reserve the right to require a 5 year forecast, but that would be set out in the “Support Process for Schools Causing Financial Concern”.

- **REMOVE:** “Each return will include a five year forecast, being the current financial year and the next four future years.”
- **REPLACE WITH:** ““Each return will include a medium term forecast of at least three years, being the current financial year and the next two future years.”

4.3 **Section 2.2.3 reference to the “Support Process for Schools Causing Financial Concern”**

- 4.3.1 The proposal in this section is to formalize the requirement that schools causing financial concern comply with the requirements of the document called “Support Process for Schools Causing Financial Concern”. Schools in such circumstances have in some cases been adhering to its requirements for the last year.
- 4.3.2 In response to the changes to 2.2.3 four schools agreed with the proposal, whilst two disagreed and one school was unsure. Comments received in response to 2.2.3 are also shown in appendix two.

4.3.3 **LA response on Section 2.2.3** In circumstances where there are 15 maintained schools in deficit, it is important that the LA has appropriate oversight of the financial management arrangements in schools of concern. Quarterly returns for schools in such circumstances is appropriate; any less frequent returns could result in adverse movements not being picked up in time. The LA recommends that the proposal is agreed as stated.

4.4 **Excess surplus balances**

- 4.4.1 There has been recent discussion with some schools on the 8% and 5% thresholds for school balances, beyond which they may be considered excessive. These thresholds are based on Department for Education recommended thresholds and are already included in the existing scheme as already adopted. A few schools have chosen to comment on these threshold levels. As the consultation makes clear, there is no proposal to change these thresholds at this time.

4.4.2 **LA response on Excess Surplus balances.** It is appropriate for there to be a measure of what is regarded as an excessive surplus balance. Schools should be accountable for why public money has not been spent if the amount of underspending is viewed as excessive. This has been a feature of the Scheme for Financing Schools for many years. The percentages are those indicated by the DfE when it was first introduced. It is mandatory that there is a defined threshold, but it is now down to local discretion as to what that threshold should be. For 2018/19 around 30 schools are being required to account for their excess balances. There are no plans to remove this requirement or to change the level of the threshold.

- 4.5 The Scheme will be posted on the Council’s internet site as required by legislation once it is agreed. Schools will be advised of the Scheme via the online briefing and Governors’ Newsletter.

5 Financial Implications

- 5.1 There are no specific financial implications arising from this report, but it is important that the Scheme for Financing Schools is robust as a basis for the arrangements for maintained school finance in Bristol.

5. Glossary of Terms

City Outcome: <i>What is the proposed outcome for the city and how does this contribute to the Corporate Strategy?</i>
Health Outcome summary:
Sustainability Outcome summary:
Equalities Outcome summary:
Impact / Involvement of partners: <i>What is the impact on key partners? What engagement have they had?</i>
Consultation carried out: <i>where has this concept been discussed – partners / Scrutiny etc</i>
Legal Issues: <i>Insert details of any legal issues</i>
Financial Issues: <i>Insert details of any financial issues</i>

Appendix One

**Consultation on proposed changes to the
Scheme for Financing Schools 2019-20
March 2019**

Contents

	<u>Page</u>
Section A: Background and timetable	2
Section B: Proposed changes to the Scheme for Financing Schools	3
Section C: Response questionnaire	5

Section A

Background

1. Local Authorities are required publish schemes for financing schools setting out the financial relationship between them and the schools they maintain. Bristol's current document dates from May 2017.
2. Changes to the scheme can be initiated by the LA or be directed by the Secretary of State. Since the previous issue there has been a change of practice initiated by the LA and adopted by schools concerning financial reporting requirements and this needs to be reflected in the local scheme. There have been a number of directed revisions which should also now be reflected in the local scheme. The scheme is also required to list all maintained schools to which it applies and as there has been a number of academy conversions, this list also requires updating.
3. Proposed revisions must be subject to consultation with the governing body and head teacher of every maintained school subject to the scheme before they are submitted to Schools Forum for approval.
4. Where the Secretary of State makes directed revisions to schemes, such revisions become part of the scheme from the date of the direction.
5. The Local Authority is consulting on changes to Bristol's Scheme for Financing Schools in respect of financial reporting requirements, in terms of information provided and on frequency of reporting.
6. The changes relates to the information provided, changing from unspecified to being a five year forecast, described as being the current

financial year and the next four future years. The proposed change also changes the reporting frequency from twice per year to quarterly, and now includes reference to the new “Support Process for Schools Causing Financial Concern” document. These changes are to recognise consistency with LA financial reporting and management practice, and to support medium-term budgeting and forecasting in a tighter financial climate.

7. Some schools have queried the 8% and 5% thresholds for holding excess balances. Section 4.2 “*Controls on Surplus Balances*” details arrangements where schools are at or over the threshold for excess balances. There is no proposal to revise these thresholds at this time. These percentages continue to be the definition used by the Department for Education (DfE) for an excessive balance and they represent a threshold above which schools are required to account for their plans for holding such sums.
8. The consultation is open to all maintained schools which are subject to the scheme for financing schools. The consultation will run from Friday 15th March 2019 until Friday 5th April 2019, following which responses will be analysed for the Schools Forum to consider at its May meeting. The approval of the forum is required to implement any changes to the Scheme.
9. There is a response questionnaire at the end of this document, which should be completed and returned by email to BristolDSGmailbox@bristol.gov.uk by Friday 5th April 2019.

Section B

Proposed changes to the Scheme for Financing Schools

The majority of changes required are the result of direction by the Secretary of State: in brief the changes are:

- At 4.10.5 School deficits which carry over on conversion cannot be converted to loans provided by the LA to the academy trust, this is a change stipulated by the SoS. This was consulted on by the DfE in 2018.
- There are a large number of relatively minor changes again that have been stipulated by the ESFA. These broadly consist of changes in wording (e.g. 2.9.1 is changed from “schools must seek to achieve efficiencies” to “schools must seek effective management of resources” and the change of agency from CRB to DBS; the specific quotation of

relevant legislation (e.g. 2.19.2 “on the grounds of Health and Safety” is replaced with “on the grounds of the Health and Safety at Work Act 1974”, and further clarification of existing clauses (e.g. 10.1.4 clarifies that the evidence schools buying equivalent insurance cover need to produce “The evidence required to demonstrate the parity of cover will be reasonable, and will not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier”.

- There have been changes to the arrangements on which schools are required to consult with the LA on the establishment of community facilities: in short schools are no longer required to consult, resulting in a change to 13.2.1 and the deletion of 13.2.2 and 13.2.3.

There is **one change** the LA needs to make, which **needs to be consulted** on and will be subject to Schools Forum approval.

- At 2.2.2 the reporting requirement has changed from twice per year to quarterly, and now prescribes the provision of a five year forecast, being the current year and four forward years. These changes are to recognise consistency with LA financial reporting and management practice, and to support medium-term budgeting and forecasting in a tighter financial climate. Most schools’ financial planning software will produce such a forecast and schools have been producing 5 year forecasts in recent quarters.

Current text of 2.2

2.2 Provision of Financial Information and Reports

- 2.2.1 A statement of expenditure against budget shall be submitted to the governing body (or finance committee) of these schools at least once in each term during each financial year.
- 2.2.2 Schools will be required to submit to the LA an estimated outturn twice each financial year in accordance with the timescales prescribed by the LA.
- 2.2.3 Statements of expenditure and income against budget in a form specified by the LA shall be made available to the LA quarterly (except for those connected with tax or banking reconciliation) in order to update the LA’s financial records.
- 2.2.4 Schools opting out of the Councils finance system must make available their VAT and cash flow returns.

Proposed revision to 2.2

2.2 Provision of Financial Information and Reports

- 2.2.1 A statement of expenditure against budget shall be submitted to the governing body (or finance committee) of these schools at least once in each term during each financial year.
- 2.2.2 Schools will be required to submit to the LA an estimated outturn **quarterly** each financial year in accordance with the timescales prescribed by the LA. **Each return will include a five year forecast, being the current financial year and the next four future years.**
- 2.2.3 Statements of expenditure and income against budget in a form specified by the LA shall be made available to the LA quarterly (except for those connected with tax or banking reconciliation) in order to update the LA's financial records. **Please refer to the "Support Process for Schools Causing Financial Concern" document for further information.**
- 2.2.4 Schools opting out of the Councils finance system must make available their VAT and cash flow returns.

The current Scheme for Financing Schools document can be found on the Bristol City Council website here:

<https://www.bristol.gov.uk/documents/20182/289934/Scheme+for+financing+schools+March+2017/604dc3e7-6c97-32dc-414f-10854d786259>

The document with all proposed revisions inserted and marked is included as an annex to this report.

Section C

Response Questionnaire

Name of School:

Person completing response :

Position held:

Date of return:

Please indicate whether you agree/disagree with each proposed revision

1. Para. 2.2.2 Provision of Financial Information and Reports

Yes / No / Unsure

Please add any comments you wish to make

--

Para. 2.2.3 Provision of Financial Information and Reports
Yes / No / Unsure

Please add any comments you wish to make

**3. Do you have any other comments on the Scheme for
Financing Schools you wish to make?**
Yes / No

Please add any comments you wish to make

**Please return to BristolDSGMailbox@bristol.gov.uk by Friday 5th April
2019**

Appendix Two

Comments received from the consultation in response to 2.2.2

- *"I would expect the new provision to be in place for 01.04.19"*
- *"DISAGREE To ensure good financial management schools should be producing outturns at least quarterly so increasing the submission from twice per year we are in agreement with. However, we would question the value of a five year projected budget which puts an increased burden on the school without adding any real value. Both income and expenditure will vary hugely over a five year period and both are very difficult to forecast with any accuracy. Our levels of income rely largely on the impact of the NFF (which we are still very unclear about) and as staffing accounts for the large majority of all school expenditure it is very changeable and difficult to predict. The DfE Statutory guidance 'Schemes for financing local authority maintained schools' updated 5 Feb 2019 clearly states "However, the requirement to submit a financial forecast should not place undue burdens on schools and should be proportionate to need". We would argue that asking for a five year budget to be produced quarterly is not following the spirit of this advice."*
- *"Quarterly returns do not provide any extra financial information or security than when we reported twice per year. The level of reporting is so detailed that twice per year is sufficient. The 5 year forecast information is next to useless! The LA are unable to give us accurate predictions on future funding (and for Nursery Schools none past August 2020) , so how can we be expected to accurately predict staffing and all other running costs as well as guessing the funding? For Nurseries – the five year forecast is estimating pupil numbers for children that haven't even been conceived yet ! To be asked for a return at the end of quarter 4 is completely unnecessary. The closing of accounts figures from RM give the final position of the school which is then transferred on to the new budget being formulated. So a 5 year forecast at the end of the financial year AND another one at the start of the following year is a repetition of work and of no use. Quarterly returns, the increase in numbers of reports to prepare, the five year forecast and recovery plans are part of a completely pointless exercise, doubling the workload, and increasing the stress and worry unnecessarily on staff that are already struggling to meet the demands of the role."*
- *"Retain the current provision as there is too much uncertainty with National Funding, changes to employee contributions and Sixth Form rates. It is not meaningful to submit quarterly five year forecasts"*
- *"Do not agree with 5 year forecasts for school. Infant schools only have 3 years of pupils in school."*

Comments received from the consultation in response to 2.2.3

- *“DISAGREE We believe that it is unnecessarily bureaucratic to be expected to submit a School Review Recovery Plan every quarter where the school is predicted to go into a deficit budget in later years as the position is unlikely to have changed significantly for future years. Where requirements are put on schools to submit documentation in a timely fashion and the Support Process for Schools document states that a response will be received from the LA, we believe the document should include a timescale for replies to be received.”*
- *“As stated above, Quarterly reports are unhelpful and unnecessary. The first quarter report is expected only 1 month after the agreed budgets have been set. There has scarcely been time for things to have changed significantly. The new Quarter 4 report is equally as unnecessary, as it states the final position once accounts have closed. The introduction of several new returns all using the same figures just in a different format is also just an increase on workload unnecessarily.”*
- *“This will be helpful for schools experiencing financial difficulties, providing the Local Authority can provide meaningful support to assist them out of financial difficulties”*

General comments received:

- *“The background documentation states that some schools have queried the 8% and 5% thresholds for holding excess balances but that there is no proposal to revise thresholds at this time. We have written to Schools Forum to ask for these thresholds to be reconsidered. The consultation document states that these percentages continue to be the definition used by the DfE for an excessive balance however we have not been able to find a figure quoted. The DfE Statutory guidance ‘Schemes for financing local authority maintained schools’ updated 5 Feb 2019 6.1 states “any mechanism should have regard to the principle that schools should be moving towards greater autonomy and should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy”. Again we would argue that imposing an 8% or 5% threshold does not follow the spirit of the DfE guidance”*
- *“I urge the School’s Forum to seriously reconsider the changes to both sections of the Scheme for Financing Schools. Estimated outturns twice per year worked very well and gave school leaders time to carefully consider their financial position accurately and within a sensible time frame. Quarterly reporting doubles the workload of these already very busy people, to no good use. It’s increasing the stress and worry levels and forces hurried reporting and completion of the many many returns, offering no extra useful information. 5 year forecasts will only ever be accurate if we can be given an accurate estimation of funding levels going forward. If this is not available, we cannot be expected to accurately predict staffing levels and resources costs. To go ahead with 5 year forecasting in*

these conditions with little or no indicative figures or information, is providing a false picture and one based entirely on guessed information. It is dangerous and pointless !!."

- *"We would like some assurances that holding a balance of over 5% will not result in claw back as it is important to be able to be certain that savings made in one financial year can be used to offset challenges in the next. A failure to provide these assurances provides a perverse incentive against being "future proofed"*
- *"Schools are finding it difficult to set a budget without an in-year deficit. With the KS units reducing, but ring-fenced income increasing there is less "free" money which is needed to run a school, for all pupils."*

Bristol City Council



SCHEME FOR FINANCING SCHOOLS ~~2017~~2019

~~Business Change~~Resources Directorate

~~April 2017~~19th February 2019

Formatted: Superscript

Version Control

19/02/2019: 1st April 2017 document updated with changes highlighted in
5th February update to scheme (issue 10) :
<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

Formatted: Superscript

Formatted: Superscript

CONTENTS

Section

- 1. Introduction**
- 2. Financial Requirements and Audit**
- 3. Instalments of the Budget Share – Banking Arrangements**
- 4. The treatment of Surplus and Deficit Balances arising in relation to Budget Shares**
- 5. Income**
- 6. The Charging of Budget Shares**
- 7. Taxation**
- 8. The Provision of Services and Facilities by the Authority**
- 9. Private Finance Initiative (PFI) and Public Private Partnership (PPP)**
- 10. Insurance**
- 11. Miscellaneous**
- 12. Responsibility for Repairs and Maintenance**
- 13. Community Facilities Powers and Community Based Extended Schools**

SECTION 1: INTRODUCTION

1.1 The Funding Framework : Main Features

- 1.1.1 The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.
- 1.1.2 Under this legislation, Local Authorities determine for themselves the size of their Schools Budget and their non-schools education budget although at a minimum an Authority must appropriate their entire Dedicated Schools Grant (DSG) to the schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools.
- 1.1.3 A Local Authority (LA) may centrally retain funding in the Schools Budget for purposes defined in regulations by the Secretary of State under s.45A of the Act. The amount to be retained centrally is decided by the LA, in conjunction with their schools forum, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the LA Budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.1.4 Local Authorities may retain an unallocated reserve within the ISB but must otherwise distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of budget share for each maintained school. This budget is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in the scheme made by the LA in accordance with s.48 of the Act and approved by the secretary of State. All revisions to the scheme must be approved by the Schools Forum and, in the event of any dispute, must be agreed by the Secretary of State, who also has the power to modify schemes or impose one.
- 1.1.5 Each authority is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the authority must publish a statement showing outturn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.1.6 The detailed publication requirements for financial statements and for schemes are set out in regulations, and each year's budget and out-turn

statements so far as they relate to that school or central expenditure. The Scheme for Financing Schools and any revisions must be published on a website that is accessible to the general public

1.2 The Role of the Scheme

- 1.2.1 The objective of the scheme for financing schools is to enable Governing Bodies to manage the resources available to them in the most efficient and effective manner to meet the needs of their pupils.
- 1.2.2 The scheme for financing schools sets out the financial relationship between the LA and the maintained schools which it funds. The scheme contains requirements relating to financial management and associated issues, which are binding on both the LA and on schools.
- 1.2.3 The LA is responsible for the management of the education service. Its role is set out in the Code of Practice on LA/school relations which should be read in conjunction with this scheme.
- 1.2.4 The LA is responsible for the production of and for securing agreement to, the scheme for financing schools and for determining the overall level of resources and the means by which those resources will be allocated to schools.
- 1.2.5 Through the provisions of this scheme and other documents referred to within but published outside it, the LA will seek to ensure that there is proper accountability for the expenditure of public money.
- 1.2.6 Governors must at all times operate within legal requirements and regulations issued by the Government from time to time. Governors are also bound by the conditions and requirements as set out in the scheme for financing schools.
- 1.2.7 The role of governing bodies will be set out in regulations to be made under s38 of the SSAF Act and are set out in the Code of Practice on LA school relations.

Formatted: Not Highlight

Formatted: Not Highlight

1.3 Application of the Scheme to the Authority and Maintained Schools

- 1.3.1 The scheme for financing schools will apply to community, nursery voluntary, trust, foundation, community special or foundation special schools and Pupil Referral Units (PRUs) maintained by the LA.
- 1.3.2 It does not apply to schools situated in the authority's area which are maintained by another authority nor does it apply to academies.
- 1.3.3 The schools covered by the scheme maintained by the LA on 1 April each year are listed in Annex 1.
- 1.3.4 New maintained schools opening after 1 April each year will be covered by the scheme by virtue of s48 of the SSAF Act.

1.4 Publication of the Scheme for Financing Schools

- 1.4.1 The LA will publish the scheme for financing schools in accordance with the requirements of the regulations made by the Secretary of State following approval by the Schools Forum.

1.5 Revision of the Scheme

- 1.5.1 Any proposed revisions to the scheme for financing schools will be the subject of consultation with the Schools Forum.

- 1.5.2 Revisions to the Scheme can only be agreed by Forum members representing maintained schools

- 1.5.3 Proposed revisions to the scheme for financing schools will require approval by the Secretary of State in the event of dispute between the Schools Forum and the LA.

- ~~1.5.3~~ 1.5.4 It is also possible for the Secretary of State to make directed revisions to the scheme after consultation. Such revisions will become part of the scheme from the date of the direction.

Formatted: List Paragraph, Left, No bullets or numbering, Adjust space between Latin and Asian text, Adjust space between Asian text and numbers

1.6 Delegation of Powers to the Head teacher

- 1.6.1 Governors may spend the school's budget share as they think fit for the purposes of the school. Where the LA may have concerns over the use of funds the LA can request the documentation showing approval by the governors.

Formatted: Not Highlight

- 1.6.2 Governors will be responsible for agreeing the school's first formal budget each year and for monitoring expenditure against that budget throughout the year.

Formatted: Not Highlight

- 1.6.3 Governors will consider and determine the extent to which they wish to delegate their financial powers to the head teacher, subject to the provisions of the scheme for financing schools and will record their decision (and any revisions) in the minutes of the governing body.

Formatted: Not Highlight

- 1.6.4 Head teachers will have responsibility for the day to day financial leadership, direction and management of the school, within the powers delegated to them by the governing body.

Formatted: Not Highlight

1.7 Maintenance of Schools

- 1.7.1 The LA is responsible for maintaining the schools covered by the scheme for financing schools, which includes a duty to defray all expenses of maintaining them, except in the case of voluntary aided schools, where some of the expenses of maintaining them are, by statute, payable by the governing body.

- 1.7.2 Part of the way in which the LA maintains the schools covered by the scheme for financing schools is through the scheme for financing schools,

which the LA shall put in place under the provisions of sections 45 to 53 of the SSAF Act.

SECTION 2 FINANCIAL CONTROLS

2.1 General Procedures

Application of Financial Controls to Schools

- 2.1.1 Governing bodies may manage their schools' delegated budgets and spend any sums available to them as they think fit for the purposes of the school and for the benefit of pupils attending the school, in line with the priorities of the school development plan and subject to the provisions of the scheme for financing schools.
- 2.1.2 Governing bodies' discretion to manage their schools' budgets is subject to the LA's requirements in respect of financial controls and monitoring set out in the scheme for financing schools and those documents referred to in the scheme but which are published outside it, but only in so far as the provisions in those documents are compatible with the terms of scheme itself.
- 2.1.3 Under Section 50 (3) (b) of the SSAF Act, the Secretary of State may prescribe additional purposes for which expenditure of delegated budgets may be made.
- 2.1.4 The Service Director - Finance (Chief Finance Officer) is responsible for ensuring the adequacy of the financial organisation and accounting procedures in all schools.

2.2 Provision of Financial Information and Reports

- 2.2.1 A statement of expenditure against budget shall be submitted to the governing body (or finance committee) of these schools at least once in each term during each financial year.
- 2.2.2 Schools will be required to submit to the LA an estimated outturn **twice quarterly** each financial year in accordance with the timescales prescribed by the LA. **Each return will include a medium term forecast of at least three years, being the current financial year and the next two future years."**
- 2.2.3 Statements of expenditure and income against budget in a form specified by the LA shall be made available to the LA quarterly (except for those connected with tax or banking reconciliation) in order to update the LA's financial records. **Please refer to the "Support pProcess for sSchools Causingwith fFinancial deficitsConcern" document for further information.**
- 2.2.4 Schools opting out of the Councils finance system must make available their VAT and cash flow returns.

2.3 Payment of Salaries and Accounts

- 2.3.1 The procedures for payment of accounts and the keeping of financial records will be set out in the Financial Regulations for Schools.

Formatted: Not Highlight

Formatted: Not Highlight

Formatted: Font: (Default) Arial, 11.5 pt, Not Bold, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Not Bold, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Not Bold, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Not Bold, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Not Bold, Font color: Black, English (U.K.)

Formatted: Not Highlight

- 2.3.2 The payment of all salaries, wages and other benefits that are the responsibility of the LA will be made only by the Chief Financial Officer, subject to the conditions and procedures set out in the Financial Regulations for Schools.

2.4 Control of Assets

- 2.4.1 Schools must maintain an inventory of all moveable assets, which must be kept up to date and be in a form acceptable to the governing body and which shall be reported annually to the governing body (or the finance committee).

2.4.2 Schools must ensure all assets that are portable and attractive (e.g. a camera) are registered

- 2.4.32 The nature of the inventory for assets under £1,000 may be determined by the schools but for all that exceed that value the school must ensure that they record the date of purchase, the purchase value and the serial number as a minimum.

- 2.4.34 Assets must not be removed from the school other than in the course of school business, nor should they be used for purposes other than school business, except with the express permission of the head teacher.

- 2.4.54 The Chief Financial Officer shall have access at all times to the inventory of moveable assets and may make such checks and tests as are reasonable to verify the inventory.

Formatted: Not Highlight

- 2.4.56 Disposal of such moveable assets shall be in accordance with the procedures from time to time agreed by the Chief Financial Officer, which will be set out in the Financial Regulations for Schools.

2.5 Accounting Policies (including year end procedures)

- 2.5.1 The accounting policies for all schools, including the procedures to be followed at the year end will be set out by Trading With Schools Finance in March of each financial year.

2.6 Writing Off Debts

- 2.6.1 Governing bodies shall be authorised to write off debts in accordance with the procedures from time to time agreed by the Chief Financial Officer, which will be set out in the Financial Regulations for Schools.

2.7 Basis of Accounting

- 2.7.1 Schools shall where possible account to the LA for all income and expenditure on an accruals basis as defined in Financial Regulations for Schools.

2.8 Submission of Budget plans

2.8.1 Each Governing Body must approve a budget plan for the financial year, which shall be submitted to the LA before 31 May of that year. The required format of the budget plan will be notified to schools each year at the same time as they are notified of their budget share by the LA.

Formatted: Not Highlight

2.8.2 The LA shall provide schools with all information required for them to prepare budget plans.

2.8.3 Schools are allowed to take into account estimated balances at the previous 31 March in their budget plan.

2.8.4 Where the budget plan results in either an in-year deficit or an overall deficit the school must seek approval for this budget from the Service Director-Education and Skills via the Application for Licenced Deficit process (4.5 Planning for Deficit Budgets)

Formatted: Not Highlight

2.9 ~~Efficiency and Value For Money~~School Resource Management

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

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

2.10 Virement

2.10.1 Governing bodies have the power, to vire freely between the budget heads in their annual budget plan, except where budgeted expenditure relates to earmarked items outside the school's budget share as defined in the Financial Regulations for Schools.

2.10.2 Governing bodies may delegate this power to the finance committee or to the head teacher.

2.11 Audit

2.11.1 Schools will be subject to regular internal audit by the City Council's Internal Audit service acting on behalf of the Chief Financial Officer under s151 of the Local Government Act 1972, in accordance with the LA's published annual Internal Audit Plan.

2.11.2 Schools will be subject to external audit as part of the external audit of the LA.

2.11.3 Governing Bodies will be required to ensure that schools cooperate with all reasonable requirements of internal and external auditors, and allow the Chief Financial Officer access at all times for the purposes of audit.

Formatted: Not Highlight

2.11.4 The LA will from time to time publish a statement of the responsibilities of schools in respect of the requirements of internal audit, which will be included in the Financial Regulations for Schools.

2.11.5 Governing bodies shall make arrangements for internal audit reports to be considered by at least one nominated governor, who shall bring any relevant recommendation to the attention of the governing body.

2.12 Separate External Audits

2.12.1 Governing bodies may authorise expenditure in their annual budget plan to obtain external audit certification of their accounts, separate from any LA internal or external audit process.

2.13 Audit of Voluntary and Private Funds

2.13.1 Governing bodies shall ensure that annual audit certificates are obtained in respect of voluntary and private funds held by schools and of the accounts of any trading organisations controlled by the school and that such certificates are made available for inspection by the LA.

2.14 Registers of Business Interests

2.14.1 Governing Bodies shall establish a register which lists for each member of the governing body, the head teacher and any member of staff responsible for expenditure, any business interests they or any member of their immediate family have.

2.14.2 Such a register shall be kept up to date with notification of changes and through an annual review of entries.

2.14.3 Such a register shall be made available for inspection by the LA, governors, staff and parents.

2.14.4 Detailed guidance on the maintenance of the register referred to in section 2.13 and other registers of interests in line with good practice in the public sector is contained in the Financial Regulations for Schools.

2.15 Purchasing, Tendering and Contracting Requirements

2.15.1 Schools may purchase from any supplier, providing that they comply with the Financial Regulations for Schools and the provisions of the Procurement Regulations depending on the amount involved.

2.15.2 Where relevant, schools shall assess in advance of purchasing or letting contracts the health and safety competence of suppliers or contractors, taking account of the LA's policies and procedures in this regard.

2.15.3 Contracts financed from schools' delegated budgets, shall be let in accordance with the provisions of Procurement Regulations relating to contracts. Except where contracts are the responsibility of the governing body of Voluntary Aided schools, governing bodies entering into contracts shall do so on behalf of, and in the name of, the City Council. Governing bodies will be responsible for the proper management of such contracts and for the authorisation of payments. Governing bodies are advised to seek the advice of the Chief Financial Officer before entering into such contracts.

2.15.4 Bristol City Council orders shall be used in respect of all goods and services procured by schools, except where other formal arrangements are in place, for example, for the provision of the electricity supply and TWS.

2.15.5 No provision of Financial Regulations for Schools and the Procurement Regulations Relating to contracts shall have the effect of requiring schools to:

- (a) do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- (b) seek LA officer countersignature for any contracts for goods or services for a value below £60,000 in any one year.
- (c) select suppliers only from an approved list;
- (d) seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.

(e) Schools may seek advice on a range of compliant deals via "Buying for schools"

Formatted: Underline

2.16 Application of Contracts to Schools

2.16.1 Schools may opt out of contracts arranged by the LA for the supply of goods and services, except where school has agreed to be covered by a contract for a service for which funding was delegated before 1 April 1999, or where a school agreed to be covered by a contract for a service for which funding is delegated after 1 April 1999.

2.17 Central Funds and Earmarking

2.17.1 The LA may make revenue funding available to schools from central funds in the form of allocations which are additional to and separate from the schools' budget shares.

2.17.2 Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used and allocations may not be assimilated into the school's budget share for the purposes of exercising virement. Schools will be required to demonstrate that this requirement

has been complied with, in accordance with the Financial Regulations for Schools.

- 2.17.3 Schools will be required to return the balance of earmarked funds remaining unspent at the end of the financial year, or within the period over which schools are allowed to use the funding if different.

2.18 Spending for the Purposes of the School

- 2.18.1 Schools may choose to spend their budget share on community facilities or services as prescribed under section 27 of the Education Act 2002.

- 2.18.2 Schools may also choose to spend their allocations on any of the purposes as outlined in the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010. These allow schools to spend their budgets on pupils who are on the roll of another maintained school or academy.

2.19 Capital Spending from Budget Shares

- 2.19.1 Governing bodies may use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the governing body of a voluntary aided school on work which is their responsibility under paragraph 3 of Schedule 3 of the SSAF Act.

- 2.19.2 Governing bodies will be required to seek the consent of the LA to proposed capital works to be met from schools' delegated budgets, where the premises are owned by the LA or the school has voluntary controlled status. Consent may be withheld only on the grounds of ~~Health and Safety~~ the Health and Safety at Work Act 1974.

Formatted: Not Highlight

- 2.19.3 The reason for these provisions is to help meet responsibilities with the the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

Formatted: Font: (Default) Arial, 11.5 pt, Font color: Black, English (U.K.)

- 2.19.34 Governing bodies will be required to notify the LA when they determine to devote any part of their delegated budget to capital expenditure.

Formatted: Not Highlight

- 2.19.45 Governing bodies may submit bids in the manner prescribed by the LA for approval for capital expenditure on works to school premises, which would be made by the LA outside the school's delegated budget.

2.20 Notice of Concern

- 2.20.1 Under powers given by the Secretary of State the LA may issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Service Director Education and Skills, the school has failed to comply with any provisions of the

scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school.

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

These may include:

- (i) insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school;
- (ii) insisting that an appropriately trained/qualified person chairs the finance committee of the governing body;
- (iii) placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the local authority;
- (iv) insisting on regular financial monitoring meetings at the school attended by local authority officers;
- (v) requiring a governing body to buy into a local authority's financial management systems; and
- (vi) imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

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

2.20.3 The LA may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

2.21 Schools Financial Value Standard (SFVS)

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

Formatted: Not Highlight

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

2.21.3 All other maintained schools with a delegated budget must submit the form to the LA before ~~31 March 2013 and annually thereafter~~before the end of the financial year.

Formatted: Not Highlight

2.22 Fraud

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

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

SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS

3.1 Frequency of instalments

- 3.1.1 Where schools make their own payroll arrangements, the LA shall make the total of their budget share available in twelve equal instalments.

3.2 Proportion of budget share payable at each instalment

- 3.2.1 The relevant sum on which advances under section 3.1.1 shall be calculated in twelve equal instalments for the school allocation less any allocation for National Non-Domestic Rate.
- 3.2.2 A separate advance will be made in respect of the budget allocation for the cost of the National Non-Domestic Rate for the school.
- 3.2.3 If a school opens an external bank account the LA must, if the school desires, transfer, immediately to the account an amount agreed by both the school and the LA as the estimated surplus balance held by the LA in respect of the school's budget share on the basis that there will be a subsequent correction when accounts for the relevant year are closed.

3.3 Interest on late budget share payments

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

3.4 Budget shares for closing schools

- 3.4.1 Budget shares of schools participating in the cheque book management scheme, where approval for discontinuation has been given, shall be made available on a monthly basis net of estimated pay costs, irrespective of previous arrangements.

3.5 Bank and Building Society Accounts

- 3.5.1 All maintained schools may have external bank accounts into which instalments of their budget share are paid, subject to the conditions of 3.6.3 being met.
- 3.5.2 Where schools have such accounts, they shall be allowed to retain all interest payable on the account unless they choose to have an account within an LA contract which makes other provision.
- 3.5.3 New bank account arrangements may normally only be made with effect from the beginning of each financial year. Application should normally be made before the end of November before the beginning of the financial year but must be made by the end of January preceding the financial year.

- 3.5.4 Schools may operate bank accounts for budget share purposes which are in the name of the school rather than the LA, but accounts must include the name of the City Council. If the school operates an external account for community facility purposes, the account mandate should not imply that the LA is the owner of the funds in the account except insofar as those funds have been provided by the LA itself.
- 3.5.5 Money paid by the LA and held in such accounts remains LA property until spent as provided for by s.49(5) of the SSAF Act.

3.6 Restrictions on Accounts

- 3.6.1 All banking arrangements must be made with the approval of the Chief Financial Officer.
- 3.6.2 Schools may choose to operate a bank account with any institution approved by the Chief Financial Officer from time to time. A list of at Least 10 approved institutions will be appended to the Financial Regulations for Schools.
- 3.6.3 Schools that currently have a deficit budget may only hold bank accounts at the expressed approval of the LA. Schools holding bank accounts that have failed to demonstrate adequate control measures will also be subject to withdrawal.
- 3.6.4 Any school closing an account used to receive its budget share and opening another must select the new financial institution from the approved list, even if the closed account was not with an institution on that list.
- 3.6.5 The conditions and requirements governing schools maintaining external bank accounts (cash schools) are set out in the Financial Regulations for Schools and are binding on all schools in the scheme.

Formatted: Not Highlight

3.7 Borrowing by schools

- 3.7.1 Governing bodies may only borrow money, other than from the LA, with the written permission of the Secretary of State.
- 3.7.2 Circumstances in which schools may borrow from the LA are prescribed in section 4.10 of this scheme.
- 3.7.3 The restriction on borrowing in section 3.8.1 does not apply to Trustees or Foundations.
- 3.7.4 Debts resulting from the borrowing of Trustees and Foundations may not be serviced directly from schools' delegated budgets, but schools are free to agree, and pay, a charge for a service which the Trustees or Foundations are able to provide as a consequence of their own borrowing.

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

4.1 Right to Carry Forward Surplus Balances

- 4.1.1 Schools will carry forward from one financial year to the next any surplus or deficit on their budget share for the year plus or minus any balance brought forward from the previous year.
- 4.1.2 Where new schools are opening, particular provisions apply, and the LA may modify the amount of funding to be received by a new school as part of its budget share to assist in setting up the new school, which may reflect the balances of any predecessor schools.

4.2 Controls on Surplus Balances

- 4.2.1 Governing bodies shall consider annually, as part of the budget-setting process, the level of surplus balances they intend to carry forward at the year end.
- 4.2.2 Governing bodies will be required to submit a business plan to the LA on the use which they intend to make of excess balances in cases where the surplus balance exceeds 5% (secondary schools) or 8% (nursery, primary, and special) of the school's budget share at 31 March each year. Schools that fail to submit their plans on how they wish to spend their excess balances will be subject to immediate clawback of those excess balances.
- 4.2.3 Surplus budget share balances held by schools are permitted under this scheme and are subject to the following restrictions:
 - a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as the preceding 31 March. For this purpose the balance will be recurrent balance category as defined in the Consistent Financial Reporting Framework;
 - b. the authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance;
 - c. the authority shall deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned and which the authority is satisfied are properly assigned for specific purposes, as follows;
 - 1. Capital spending (see para 2.20).
 - 2. Asset purchase, for example, library re-stocking, furniture and equipment, IT/computer equipment.
 - 3. Review of staffing structures.

To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the authority.

- d. if the results of steps a-c is a sum greater than whichever is the greater of 5% of the current year's budget share (secondary) or 8% (nursery, primary and special), then the Authority shall deduct from the current year's budget share an amount equal to the excess.

Funds deriving from sources other than the authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise. Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the authority. The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

4.3 Interest on Surplus Balances

- 4.3.1 Schools not maintaining external bank accounts which have a positive average balance will receive interest on their average balance calculated in accordance with section 4.2 up to a maximum average balance of 3% of budget share.

4.4 Obligation to Carry Forward Deficit Balances

- 4.4.1 Schools may not plan for a deficit at any point in their three year plan, except with the express approval of the Service Director Education and Skills and the Chief Financial Officer as provided for in Section 4.5 of the scheme.
- 4.4.2 Schools that forecast a deficit in-year having previously set a balanced or surplus budget will be required to apply for approval of the deficit at the point the forecast deficit is identified.

Formatted: Not Highlight

4.5 Planning for Deficit Budgets

- 4.5.1 If a school has a deficit balance at the end of a financial year, such a deficit balance must be carried forward and treated as a charge against the following year's budget share, nor may schools plan to end any financial year with a cumulative (i.e. overall) deficit, except with the express approval of the Service Director Education and Skills and the Chief Financial Officer as provided for in Section 4.9 of the scheme.
- 4.5.2 Schools which fail to submit a recovery plan in the timescales specified will be subject to a Notice of Concern.

Formatted: Not Highlight

Formatted: Not Highlight

4.6 Charging of Interest on Deficit Balances

- 4.6.1 Schools not maintaining external bank accounts which have a negative average balance will be charged interest on their average balance

calculated in accordance with section 4.2 where the average balance is above 3% of budget share.

- 4.6.2 The average balance will be calculated as 50% of the sum of the opening balance and the closing balance for the year. Interest will be calculated by multiplying the average balance by the appropriate rate of interest as advised by the Corporate Treasury team.

4.7 Writing Off Deficits/Providing Financial Support

- 4.7.1 The LA may not write off the deficit balance of any school, except in circumstances set out in 4.8.1 .

- 4.7.2 The LA may give assistance to the elimination of the deficit balance by allocation of a cash sum from the authority's schools budget (from a centrally held budget specifically for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in the respect of mainstream maintained schools, from a de-delegated contingency budget where it has been agreed by the Schools Forum).

4.8 Balances of Closing and Replacement Schools

- 4.8.1 When a school closes any balance (whether surplus or deficit) reverts to the authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school, except that a surplus transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

Formatted: Not Highlight

4.9 Licensed Deficits

- 4.9.1 The LA shall make provision for an arrangement whereby, in exceptional circumstances, schools are allowed to plan for a deficit budget in any financial year. Such deficits shall be funded by the collective surplus of school balances held by the authority on behalf of other schools, including those in schools' external bank accounts and where the LA makes express provision for this to be the case, or where the schools concerned have agreed that their balances may be included in the arrangement.

- 4.9.2 Governing bodies of schools with deficits shall agree with the Service Director Education and Skills and the Chief Financial Officer a recovery plan detailing the extent of the recovery of the deficit in each financial year until full recovery is achieved. Such agreements shall not cover more than three financial years and shall be reviewed at least annually by the LA.

- 4.9.3 Where schools are forecasting a deficit budget position then the school is required to make an application for a licensed deficit and to work with the LA to recover the financial position. The LA shall require the provision of information to support the application for a licensed deficit to include (and not limited to)

Formatted: Not Highlight

- At least a three year budget plan that shows the school finances recovering the deficit and returning to a balanced budget within three years (if not sooner)
- Information on all ongoing commitments currently funded from reserves and how these arrangements will cease
- An application for a Licensed Deficit (if your three year plan shows a deficit budget in any year)
- A detailed narrative and supporting documents to explain how the school will return to a balanced budget within the three year period.

4.9.4 Agreements under section 4.9.2 shall not extend beyond 5% of the school's budget share in each of the financial years covered by the agreement.

4.9.5 The maximum proportion of the collective surplus of school balances held by the LA as defined in section 4.9 (1) which may be used to back the licensing of deficits and loans (see section 4.7) by the Service Director Education and Skills and the Chief Financial Officer shall not exceed 40%.

4.10 Loan schemes

4.10.1 Subject to prior approval by the Service Director Education and Skills and the Chief Financial Officer and in the light of the overall spending plans of the LA, schools may incur exceptional expenditure on approved developmental projects in a financial year and fund it over a period not exceeding three years including the year in which the expenditure is initially incurred.

4.10.2 Projects which will be considered for approval will generally be those which seek to make physical improvements or changes to school buildings (eg the creation of a library or resources area) or which involve the procurement of information and communications technology equipment. Schools will be required to submit project plans and to demonstrate that repayment of the loan can be made from their delegated budgets.

4.10.3 Interest at the City's Consolidated Loans Fund Pool Rate estimate for the year of the advance will be charged on an annuity basis in each financial year for which the loan is granted. Schools will not normally be permitted to apply for loans which in total exceed 10% of their budget share for the year of the advance.

4.10.4 Such loan arrangements shall be funded by the collective surplus of school balances held by the LA on behalf of other schools as defined in section 4.9.1 and, together with licensed deficits agreed under section 4.9 such funding shall not exceed 40% of the collective balances.

4.10.5 Following consultation the Secretary of State issued the following directive to be incorporated into all local schemes:

“Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of a capital nature that have a benefit to the school lasting more than one financial or academic year.

Loans will not be used as a means of funding a deficit that has arisen because a school’s recurrent costs exceed its current income.

If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of Schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new academy school.”

SECTION 5: INCOME

5.1 Income from Lettings

- 5.1.1 Schools may retain income from lettings of school premises which would otherwise accrue to the LA as permitted under SSF Act 1998 for various categories of schools, unless subject to alternative provisions made with the Community Education Service, or in respect of any joint use or PFI agreements.
- 5.1.2 Schools may cross-subsidise lettings for community and voluntary use with income from other lettings, provided there is no net cost to a school's delegated budget.
- 5.1.3 Schools are required to have regard to directions issued from time to time by the LA in respect of use of school premises and shall be required to comply with the provisions for the LA's policy in respect of the provision of community education.

5.1.4 Where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

5.2 Income from Fees and Charges

- 5.2.1 Schools shall retain income from fees and charges except where a service is provided by the LA from centrally retained funds, provided such charges are levied in accordance with the LA's charging policy.

5.3 Income from Fund-Raising Activities

- 5.3.1 Schools may retain income from fund-raising activities.
- 5.3.2 Income raised through such activities for specific purposes may only be spent in respect of those purposes.

5.4 Income from the Sale of Assets

- 5.4.1 Schools shall retain the proceeds of sale of assets in accordance with the Financial Regulations for Schools, except in cases where the asset was purchased with non-delegated funds, or the where the asset concerned is land or buildings forming part of the school premises and is owned by the LA.

5.5 Income, generally

- 5.5.1 Schools shall retain all income except in circumstances specified elsewhere in this section.
- 5.5.2 The Chief Financial Officer is responsible for the general control and supervision of administrative arrangements for the collection and recording of all monies due to the Council and schools shall comply with the provisions of the Financial Regulations for Schools in this matter.

5.5.3 Income retained by schools may only be spent for the purposes of the school, subject also to the provisions of section 5.3.2.

SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

6.1 General Provision for the Charging of School Budget Shares

- 6.1.1 Schools' budget shares may be charged by the LA without the consent of the governing body only in circumstances expressly permitted by the scheme.
- 6.1.2 The LA shall consult schools when they intend to so charge, and shall notify schools when such a charge is made.
- 6.1.3 The LA may not act unreasonably in the exercise of any power implied by this section of the scheme, or it may be the subject of a direction under s.496 of the Education Act 1996 and, in each circumstance, except that covered by section 6.3.1(c), the LA would have to be able to demonstrate that the expenditure now charged to the budget share had necessarily been incurred by the LA.
- 6.1.4 In respect of charges to be made under section 6.3.1(d) and (e), the LA shall establish a procedure for arbitration of disputes over such proposed charges to which governing bodies may have an automatic right of recourse.
- 6.1.5 For the avoidance of doubt, local authorities may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

6.2 Charges to Schools for the Costs of School-Based Staff

- 6.2.1 Where payments to staff are made through the LA's payroll system, the LA shall charge to the schools the actual costs of the payments to the staff employed in each school.

6.3 Charges to Schools' Budget Shares

- 6.3.1 The LA may seek to protect its financial position from liabilities caused by the actions or inaction of the governing body by making a charge to schools' delegated budgets without the consent of the governing body equal to the costs incurred by the LA, where:
 - a) premature retirement costs have been incurred by the governing body without the prior written agreement of the LA to bear such costs (the amount chargeable being only the excess over any amount agreed by the LA);
 - b) the LA has incurred ~~other expenditure to secure resignations and the school had not sought advice and guidance, or followed advice and guidance given by the LA;~~other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex 2).

- c) courts or out of court settlements and/or industrial tribunals have made awards against the LA as a result of a governing body not having sought advice and guidance, or not having followed advice and guidance given by the LA;
- d) the LA has incurred revenue or capital expenditure in carrying out health and safety work for which the LA is liable, where funds have been delegated to the governing body for such work, but the governing body has failed to carry out the required work or the work has not been carried out to the required standard;
- e) the LA has incurred revenue or capital expenditure in making good defects in building work funded by capital spending from schools' budget shares, where the premises are owned by the LA or the school has voluntary controlled status;
- f) expenditure has been incurred by the LA in insuring its own interests in a school where funding for insurances has been delegated but the school has failed to arrange cover at least as good as that which would have been arranged by the LA;
- g) a dispute over the monies due from a school for services provided to the school by the LA has been referred to a disputes procedure set out in a service level agreement with the LA and has been resolved in favour of the LA;
- h) penalties and/or interest have been imposed on the LA by the Board of Inland Revenue, the Contributions Agency, the Teacher's Pensions or HM Customs and Excise as a result of negligence by the school;
- i) the LA is rectifying errors made in calculating charges to a school's budget share which it is entitled to make and where it can demonstrate to the school that errors were made;
- j) the school has failed to notify the LA of changes to the length of the school day, or the normal opening days of the school and additional or unnecessary transport costs respectively have been incurred by the LA;
- k) legal costs which are incurred by the authority because the governing body did not accept the advice of the authority;
- l) costs of necessary health and safety training for staff employed by the authority where funding for training has been delegated but the necessary training not carried out;
- m) the LA meets costs or pays compensation as a consequence of a school defaulting on a payment or entering into a contract beyond its powers, such that the contract is of no effect;
- n) cost of work done in respect of teacher pension remittance and records for schools using non LEA payroll contractors, the charge to be the minimum required for the LA to achieve compliance with its statutory obligations;

- o) costs incurred by the LA in securing provision specified in a statement of SEN where the governing body has failed to secure adequate provision despite funds being delegated to do so;
- p) costs incurred by the LA due to submission by the school of incorrect data;
- q) recovery of amounts spent for specific grants on ineligible purposes;
- r) costs incurred by the LA as a result of the governing body being in breach of the terms of a contract;
- s) costs incurred by the authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- t) Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.

SECTION 7: TAXATION

7.1 Value Added Tax (VAT)

- 7.1.1 VAT incurred by schools when spending any funding made available by the LA, whether or not part of the school's delegated budget, and whether or not the school is participating in the cheque book management scheme, is treated as being incurred by the LA and may be reclaimed by the LA under section 33 of the VAT Act 1994, except where the liability for VAT arises as a result of expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings.
- 7.1.2 VAT incurred by schools when spending schools' own funds, for example, income raised by the school, is not treated as being incurred by the LA and is not reclaimable by the LA under section 33 of the VAT Act 1994.
- 7.1.3 Schools shall comply with the requirements of the Financial Regulations for Schools in respect of accounting for VAT, which shall have regard to guidance on VAT rules for schools published by HM Customs and Excise.
- 7.1.4 Schools participating in the LA's cheque book management scheme shall be reimbursed one month in arrears for VAT incurred.

7.2 Construction Industry Scheme (CIS)

- 7.2.1 Schools shall comply with the requirements of the Financial Regulations for Schools in respect of the accounting for CIS.

SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY

8.1 Provision of Services from Centrally Retained Budgets

8.1.1 The LA shall determine and publish details of the basis on which services, including payment of the costs of premature retirement and redundancy payments, will be provided and payments made to schools.

8.1.2 The LA shall not discriminate in the provision of such services, or the making of such payments, on the basis of categories of schools, except in cases where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

~~(a) funding for a particular service has been delegated to some schools only;~~
~~(b) discrimination is justified by differences between categories of schools in respect of their statutory duties.~~

Formatted: Indent: Left: 0 cm,
Hanging: 1.27 cm

8.2 Provision of Services Bought Back from the LA to Schools, Funded from Delegated Budgets

8.2.1 Services provided by the LA to schools, funded from delegated budgets, excluding centrally arranged premises and liability insurances, shall be subject to the terms and conditions and service standards published in the catalogue of services to schools published by the LA.

8.2.2 Where the LA is offering services to schools, which they may choose to buy from delegated budgets, the LA shall offer to provide such services in a way which does not unreasonably restrict schools' freedom of choice to buy any or all of the services available, and, where practicable, the LA shall provide such services individually as well as part of a package of services.

8.2.3 The LA may stipulate dates during the year by which time service agreements shall be agreed, and/or by which time, with at least one months notice of the terms of the proposed agreement, schools shall have opted to buy any LA services for the following financial year. If such a date is stipulated, it shall be binding on both the LA and the schools.

8.2.4 The term of any agreement with a school to buy services or facilities from the City Council shall normally be limited to a maximum of three years from the inception of the scheme or the date of the agreement, which ever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. In respect of catering contracts these dates can be five and seven years respectively.

8.2.5 When a service is provided for which expenditure is not retained centrally by the City Council under the Regulations made under section 45A of the Act, it must be offered at prices which are intended to generate income which is no less than the cost of providing those services. The total costs of

the service must be met by the total income, even if schools are charged differently.

8.3 Packaging

- 8.3.1 Services offered by the LA should not restrict a schools freedom of choice in being able to select individual services as required. Packages of services may be offered which allow schools a discount but authorities should offer these alongside the option to be individual packages.

8.4 Service Level Agreements

- 8.4.1 Service Level agreements must be in place at least 3 months prior to the following financial year. Schools must have a minimum of one month to consider the terms of agreement.
- 8.4.2 Services or facilities provided under a service level agreement must allow for the terms of the agreement to be reviewed at least every three years from its inception.
- 8.4.3 Services offered by the Local Authority will be available on a basis that is not related to an extended agreement.

8.5 Teachers Pension

- 8.5.1 In order to ensure that the performance of the duty on the authority to supply Teachers Pensions with information under the Teachers Pension Regulations 1997, the following conditions are imposed on the authority and governing bodies of all maintained schools covered by this Scheme in relation to their budget shares.
- 8.5.2 The conditions only apply to governing bodies of maintained schools that have not entered into an arrangement with the authority to provide payroll services.
- 8.5.3 A governing body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require the person to supply salary, service and pensions data to the authority which the authority requires to submit its annual-monthly return of salary and service to Teachers Pensions and to produce its audited contributions certificate. The authority will advise schools each year of the timing, format and specification required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the schools budget share.
- 8.5.4 A governing body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the authority which the authority requires to submit its annual-monthly return of salary and service to Teachers' Pensions and to produce its audited

contributions certificate. The authority will advise schools each year of the timing, format and specification required. A governing body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the authority within the time limit specified in the AVC scheme. The governing body shall meet any consequential costs from the schools budget share.

SECTION 9: PRIVATE FINANCE INITIATIVE (PFI)/PUBLIC PRIVATE PARTNERSHIP (PPP)

9.1 PFI/PPP Contracts

- 9.1.1 PFI schools will continue to be funded through the formula in the same way as other schools. However, contract charges will be charged against their delegated budgets for items such as repairs and maintenance, grounds maintenance, utilities, caretaking, cleaning and other costs met by the PFI contractor.
- 9.1.2 The City Council has produced an agreement for each PFI school. This deals with the reaching of agreement with Governing Bodies of schools on the basis of project contract charges and the treatment of monies withheld from contractors due to poor performance.

SECTION 10: INSURANCE

10.1 Insurance Cover

10.1.1 Except where the responsibility for the insurance of the buildings lies with the governing body of a Voluntary Aided school, the LA centrally provides insurance cover for the risks set out in the Insurance Schedule provided by the Chief Financial Officer, either by way of external insurance or an internal insurance fund.

10.1.2 Schools are free to arrange and fund from their delegated budgets additional insurance cover beyond that set out in the Insurance Schedule.

10.1.3 If funding for insurances is delegated to any school, the school shall demonstrate to the satisfaction of the Chief Financial Officer, at the time that application for delegation of funding is made, that cover relevant to an LA's insurable interests, under a policy to be arranged by the governing body, is at least as good as the relevant minimum cover arranged by the LA and is sufficient to protect the LA's interests.

10.1.4 The evidence required to demonstrate the parity of cover will be reasonable, and will not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier.

Formatted: Font: (Default) Arial, 11.5 pt, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Font color: Black, English (U.K.)

Formatted: Font: (Default) Arial, 11.5 pt, Font color: Black, English (U.K.)

SECTION 11: MISCELLANEOUS

11.1 Right of Access to Information

- 11.1.1 Schools shall allow the LA access to all accounting records, financial or other information and documents which might reasonably be required to enable the LA to satisfy itself as to the management of the school's delegated budget or other funding made available to the school.

Formatted: Not Highlight

11.2 Liability of Governors'

- 11.2.1 School governing bodies are corporate bodies, and under the terms of s.50(7) of the SSAF Act, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget provided they act in good faith.

- 11.2.2 The LA shall arrange for appropriate insurance cover to be provided to insure the LA and governing bodies against liability for negligence in the discharge of their functions in respect of schools.

11.3 Governors' Expenses

- 11.3.1 Only allowances in respect of purposes specified in regulations may be paid to governors from a school's delegated budget. Schools may not make payment of any other allowances.

- 11.3.2 The LA shall determine and publish from time to time a schedule of allowances which it believes may be reasonably paid.

- 11.3.3 Schools may not pay expenses to governors which duplicate those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

- 11.3.4 The LA may delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses, which shall be paid in accordance with the schedule referred to in section 11.3.2.

11.4 Responsibility for Legal Costs

- 11.4.1 Where the costs of legal actions, including costs awarded against the LA, incurred by governing bodies fall to be met by the LA by virtue its statutory responsibility to maintain the school, the LA may require them to be met from the school's budget share, unless:

(a) the governing body has acted in accordance with written advice provided by the LA, or

(b) the costs are incurred relate to the statutory responsibility of governing bodies of Voluntary Aided schools for buildings.

- 11.4.2 Governing bodies may obtain their own legal advice where there may be a conflict of interest between the LA and the governing body. Unless agreed by the LA in advance, the costs of obtaining such advice shall be borne by the school.

11.5 Health and Safety

- 11.5.1 In expending schools' delegated budgets, governing bodies shall have due regard to duties placed on the LA in relation to health and safety.
- 11.5.2 Governing Bodies are required to adopt the LA's policy on Health and Safety, as set out in the LA's Health & Safety Manual for schools, and where that policy does not cover all circumstances fully, Governing Bodies shall establish their own policies.
- 11.5.3 Governing bodies are required to ensure that their statements of safety policy adequately cover the responsibilities of Governors.

11.6 Right of Attendance for Chief Financial Officer

- 11.6.1 Under Section 151 of the Local Government Act 1972, the Chief Financial Officer is responsible for the probity and regularity of all the City Council's financial activities.
- 11.6.2 The Chief Financial Officer, or his/her representative, shall have the right to attend meetings of Governing Bodies for specific agenda items only under which he/she may give advice and report on major financial matters in respect of his/her responsibilities under s151 of the Local Government Act 1972. The Chief Financial Officer will determine which particular financial issues must be reported to a governing body.
- 11.6.3 The LA shall give schools notice of the proposed attendance of the Chief Financial Officer, or his/her representative, unless it is impractical to do so.

11.7 Special Educational Needs

- 11.7.1 Schools shall use their best endeavours in spending their delegated budgets to ensure that adequate provision is secured for pupils with special educational needs, whether or not they are covered by a statement of special educational need.

11.8 Whistleblowing

- 11.8.1 The City Council has relevant procedures to be followed by persons working at a school or school governors who wish to complain about financial management at the school. Governing bodies should ensure that the procedures are readily available at the school.

11.9 Child Protection

11.9.1 Schools are reminded of the need to release relevant staff to attend child protection case conferences and other related events.

11.10 Redundancy / Early Retirement Costs

11.10.1 Premature retirement and redundancy costs will be funded in accordance with the 2002 Education Act. Further guidance is provided in Annex 2.

SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

- 12.1.1** Governing bodies of all schools will be responsible for the revenue repairs and maintenance responsibilities. The definition of capital expenditure for these purposes is that used by the City Council in line with the CIPFA Code of Practice on local authority accounting.
- 12.1.2** Items under a de-minimus value of £2,000 will be deemed to be revenue expenditure and may not be charged to capital budgets unless they are part of a scheme identified in the schools asset management plan which in total exceeds £2,000.
- 12.1.3** For voluntary aided schools the liability for repair and maintenance of funds is the same as for other maintained schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de-minimus value applied by DfE to categorise such work, not the de minimus level limit used by the authority.

SECTION 13 : COMMUNITY FACILITIES POWER AND COMMUNITY BASED EXTENDED SCHOOLS PROVISION

13.1 Introduction

13.1.1 Schools which choose to exercise the power conferred by s.27 (1) of the Education Act 2002 to provide community facilities will be subject to a range of controls. First, regulations made under s.28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power. Secondly, the school is obliged to consult its LA and have regard to advice from the authority. Thirdly, the Secretary of State issues guidance to governing bodies about a range of issues connected with exercise of the power, and a school must have regard to that. However, under s.28(1), the main limitations and restrictions on the power will be:

- (a) those contained in schools' own instruments of government, if any;
- and
- (b) in the maintaining LA's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998. Paragraph 2 of Schedule 3 to the Education Act 2002 extends the coverage of schemes to the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools. This section of the scheme does not extend to joint-use arrangements; transfer of control agreements, or agreements between the Authority and schools to secure the provision of adult and community learning.

13.1.2 The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

13.2 Consultation with LA - Financial Aspects

13.2.1 ~~Schools are no longer required to consult before establishing community facilities, and there is no longer a requirement of schools to be mindful of the LA's advice under section 27 of the Section 28 (4) of the Education Act 2002. requires that before exercising the community facilities power, governing bodies must consult the Authority, and have regard to advice given to them by the Authority.~~

13.2.2 ~~Governing bodies are required to provide a full account of all various aspects of their application a term before the commencement of community facilities.~~

13.2.3 ~~The Authority must provide advice to schools in a reasonable timescale so as not to prejudice the timely commencement of the community facility. Governing bodies are required to advise the authority on the actions taken following advice.~~

13.3 Funding Agreements - LA Powers

13.3.1 The provision of community facilities may be dependent on the funding agreement with a third party which will either be to supply the funding or to supply both the funding and some active part in providing the provision of the service

13.3.2 The Authority requires that any third party funding agreement in respect of community facilities should be submitted for comments. This should be provided within the timescales set out by the Authority so long as these are deemed appropriate. The Authority does not have a power to veto these agreements. However, if an agreement has been or is to be concluded against the wishes of the Authority, or has been concluded without informing the Authority, which in the view of the Authority is seriously prejudicial to the interests of the school or the Authority, it may constitute grounds for suspension of the right to a delegated budget.

13.4 Other Prohibitions, Restrictions and Limitations

13.4.1 Governing bodies that make use of their community facilities power shall make arrangements to protect the financial interest of the Authority by either carrying out the activity concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project, as specified by the Authority.

13.4.2 Governing bodies that make use of their community facilities power are subject to limitations in the scheme for financing schools and the safeguarding of the financial position of the Authority and school.

13.5 Supply of Financial Information

13.5.1 Schools which exercise the community facilities power are required to provide the Authority every six months with a summary statement, in a form to be determined by the Authority, showing the income and expenditure for the school arising from the facilities for the previous six months and on an estimated basis, for the next six months.

13.5.2 If the Authority believes there to be cause for concern as to the school's management of the financial consequences of the community facilities power, a financial statement is required to be supplied every three months and a recovery plan for the activity.

13.6 Audit

13.6.1 Schools are required to grant access to the school's records connected with exercise of the community facilities power, in order to facilitate internal and external audit of the relevant income and expenditure.

13.6.2 Schools are required, when concluding funding arrangements with other persons pursuant to the exercise of the community facilities power, to ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the

activity, in order for the Authority to satisfy itself as to the propriety of expenditure on facilities in question.

13.7 Treatment of Income and Surpluses

13.7.1 Schools are allowed to retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Authority or some other person.

13.7.2 Schools are allowed to carry retained net income from one financial year to the next as a separate community facilities surplus, or, subject to the agreement of the Authority at the end of the financial year, transfer all or part of it to the budget share balance.

13.8 Health and Safety Matters

13.8.1 The responsibilities of governing bodies with regard to duties placed by the Authority in relation to Health and Safety are extended to the community facilities power.

13.8.2 The governing body is responsible for the costs of securing ~~Criminal Records Bureau~~Disclosure Barring Service clearance for all adults involved in community activities taking place during the school day. Governing bodies are free to pass on such costs to a funding partner as part of an agreement with that partner.

13.9 Insurance

13.9.1 The governing body is responsible to ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, having taken professional advice as necessary. Such insurance should not be funded from the school budget share. The Authority's advice must be sought before any arrangement for community facilities is finalised.

13.9.2 The Authority has the right to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities. If the Authority judges insurance arrangements to be inadequate, arrangements will be made by the Authority and charged to the school, but not the school's budget share.

13.10 Taxation

13.10.1 Schools must seek advice from the Authority and local VAT office on any issues relating to possible imposition of Value Added Tax on expenditure in connection with community facilities, including the use of the Authority's VAT reclaim facility.

13.10.2 Schools are liable for payment of income tax and national insurance, in line with Inland Revenue rules, for any member of staff employed by the Authority or school in connection with community facilities, from the school's own bank account.

13.10.3Schools must follow advice in the scheme for financing schools in relation to Construction Industry Scheme where it is relevant to the exercise of community facilities powers.

13.11 Banking

13.11.1Schools are required to either maintain separate bank accounts for budget share and community facilities, or to have one account but with adequate internal accounting controls to maintain separation of funds. Schools can utilise Authority bank accounts which would permit adequate separation of such funds. However in the case of a bank account which is used by the school in connection with community facilities (whether or not the account also contains funds from the school's budget share), the account mandate should not show the Authority as the owner of the community facilities funds in the account except insofar as these funds have been provided by the Authority itself.

13.11.2Schools may choose to operate a bank account with any institution approved by the Chief Financial Officer. A list of approved institutions is contained in the Financial Regulations for Schools.

13.11.3Schools may not borrow money for the exercise of community facilities powers without the written consent of the Secretary of State.

ANNEX 1

INFANT, JUNIOR AND PRIMARY SCHOOLS MAINTAINED BY THE LOCAL AUTHORITY ON ~~4 APRIL 19~~ FEBRUARY 2017~~2019~~

DfES
No.

2001	Brunel Field Primary School
2002	Cheddar Grove Primary
2003	Ashley Down Primary School
2004	Ashton Gate Primary School
2005	Ashton Vale Primary
2006	Nova Primary School
2010	Fonthill Primary School
2018	BROOMHILL JUNIOR SCHOOL
2019	St Werburgh's Primary School
2020	Chester Park Junior School
2021	Chester Park Infant School
2023	Hillcrest Primary
2027	Shirehampton Primary
2028	Two Mile Hill Primary School
2037	Glenfrome Primary School
2041	Henleaze Infants
2052	Luckwell Primary School
2069	St Anne's Infants'
2073	Sefton Park Infant
2074	Sefton Park Junior School
2079	Southville Primary School
2081	Summerhill Infant School
2086	Upper Horfield Community
2098	Holymead Primary School
2099	Headley Park Primary
2105	Perry Court Primary School
2109	Brentry Primary
2115	Broomhill Infant School
2130	Wansdyke Primary School
2138	Elmlea Infants' School
2139	Cabot Primary School
2299	Hannah More Primary
2312	Bishop Road Primary School
2314	Blaise Primary & Nursery School
	Compass Point South Street School & Children's
2320	Centre
2326	Fair Furlong Primary School
2327	May Park Primary
2328	Whitehall Primary School
2336	Millpond Primary School

Formatted Table

Formatted Table

Formatted Table

Formatted Table

Formatted Table

Formatted Table

Formatted Table

Formatted Table

	Badock's Wood Primary School and Children's Centre
2338	Centre
3000	Avonmouth C. E. Primary School
3008	Horfield CEVC
3010	St Barnabas C.E.V.C Primary
3013	St George Cof E VC Primary
3014	St John's Primary School
3016	St Mary Redcliffe Primary
	St Michael's on the Mount Church of England Primary
3018	Primary
3400	School of Christ the King
3401	Holy Cross R.C. Primary School
3402	SS. Peter & Paul R.C. Primary
3403	St Bernard's Catholic Primary
3405	St Joseph's Catholic Primary
3412	Our Lady of the Rosary Primary
3413	St. Pius X RC Primary School
3415	St Bernadette RC Primary
3417	St Bonaventure's Catholic Primary School
3433	Stoke Park Primary School
3437	Bridge Farm Primary School
3438	Knowle Park Primary School
3439	Sea Mills Primary School
3440	Victoria Park Primary School
3441	Air Balloon Hill Primary School
3442	St Peter's Church of England Primary

Formatted Table

Formatted Table

SECONDARY SCHOOLS

4030	Ashton Park Secondary
4801	St.Bernadette Catholic Secondary
4603	St.Mary Redcliffe & Temple Secondary

SPECIAL SCHOOLS

7042	Briarwood Special
7001	Bristol Gateway Special
7011	Claremont Special
7000	Elmfield School for Deaf Children
7002	Kingsweston Special
7014	New Fosseyway Special
7015	Notton House Special
7025	Woodstock Special

NURSERY SCHOOLS

1003	Filton Avenue Nursery
1016	Hartcliffe Children's Centre
1005	Ilminster Avenue Nursery
1012	Knowle West Early Years Centre
1015	The Limes Nursery
1004	Little Hayes Nursery

1014 Redcliffe Early Years Centre
1007 Rosemary Nursery
1009 Speedwell Nursery
1002 St Phillips Marsh Nursery
1011 St Werburghs Park Nursery

Annex 2

Responsibility for redundancy and early retirement costs

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-schools budget.

Section 37 of the 2002 Education Act says:

(4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met.

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what was a good reason, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

Charge of dismissal/resignation costs to delegated school budget:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy

- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Charge of premature retirement costs to local authority non-schools budget:

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale
- Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards.

Costs of early retirements or redundancies may only be charged to the central part of the Schools Budget where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if Schools Forum agree, to support individual schools where "a governing body has incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share".

For staff employed under the community facilities power, the default position is that any costs must be met by the governing body, and can be funded from the school's delegated budget if the governing body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7) Where a local education authority incur costs -

(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or

(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes,

they shall recover those costs from the governing body except in so far as the authority agree with the governing body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.

(7A) Any amount payable by virtue of subsection (7) by the governing body of a maintained school in England to the local authority may be met by the governing body out of the school's budget share for any funding period if and to the extent that the condition in subsection 7(B) is met.

(7B) The condition is that the governing body are satisfied that meeting the amount out of the school's budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the education Acts.

(8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.