



Schools Forum
Monday the 7th of October 2019
4.00 pm – 6.00 pm
Meeting Room G91 Hove Town Hall

MINUTES

Present:

School Members

Ashley Harrold (AH) (Vice Chair) Headteacher, Blatchington Mill School

Early Years and Primary Schools

Damien Jordan (DJ) Headteacher, Fairlight Primary School
Oli Sharpe (OS) Parent Rep, Middle Street Primary
Chris Taylor (CT) Headteacher, Patcham Infant School
Mel Fane (MF) Governor, Cardinal Newman Secondary School
Tad Matus (TM) Governor, St Joseph's Primary School
Viv Warren (VW) Early Years Representative
Julie Plumstead (JP) Nursery Headteacher Representative
Rachel Kershaw (RK) Headteacher, Primary

Secondary Schools

James Kilmartin (JK) Headteacher, Cardinal Newman Catholic School

Special Schools

Rachel Burstow (RBu) Headteacher, Hill Park Special School

Academies

Mark Poston (MP) Headteacher, PACA

Non-School Members

Roopal Patel (RP) PVI Early Years Representative
Sarah Clayton (SC) Headteacher, St Mary's Catholic Primary, Representative of the Roman Catholic Diocese
Paul Shellard (PS) Teacher Unions Representative

Local Authority

Georgina Clarke Green (GC) Assistant Director, Health SEN & Disabilities
Jo Lyons (JL) Assistant Director, Education & Skills
Louise Hoten (LH) Head of Finance, Health, Adults, Families, Children and Learning Finance
Steve Williams (SW) Accountant, Health, Adults, Families, Children and Learning Finance
Nigel Manvell (NM) Deputy Chief Finance Officer
Alix Macfarlane (AMa) Alix Macfarlane, Communications
Andrea Weller (AW) Clerk to Forum

Apologies:

Peter Freeman (PF) (Chair) Governor, Coombe Rd Primary School
Richard Barker (RB) Head of School Organisation, Education & Skills
Andy Moore (AM) Principal Accountant, Health, Adults, Families, Children and Learning Finance

Mandy Watson (MW)
 Louise Cook (LC)
 Derek Swindells (DS)
 Julie Champion
 Carolyn Bristow (CB)
 Mo Bham (MB)
 Kenneth Simpson (KS)

Chichester Anglican Diocese
 Executive Headteacher - The Central Hub
 Governor, Dorothy Stringer School
 Governor, Special Schools
 Head of SEN Statutory Services
 Principal Educational Psychologist
 HR Business Partner

No.	Item	Action
1.	Welcome and apologies.	
1.1	AH explained to new attendees what the meeting is about and went round the table so that everyone could introduce themselves as new members.	
2.	Minutes of last meeting (24 June 2019) and matters arising	
2.1	VW was an attendee at the last meeting so therefore needs to be added to the previous minutes.	AW
2.2	The minutes from the last meeting apart from the above were agreed for accuracy.	
2.3	2.2 JL will need to check regarding introductory session was actioned to see if any dates are carry forward.	JL
2.4	2.4 SLA correspondence is going out later this time.	
2.5	2.5 Energy and Water are now sending direct communications to schools and DJ has received it.	
2.6	4.9 SW said it is hard to get accurate national data about school balances due to the large number of academies. SW advised the Education Policy Institute published a paper in January 2019 that stated across all maintained schools the average revenue balance as a percentage of income was 6.3 per cent, equivalent to a balance of just under £104,000. 5.1 LH said AM has it in hand to amend the Scheme for Financing Schools in relation to the treatment of redundancies.	
2.7	9.8 will be raised later in the meeting.	
3.	Minutes of the last SBWG meeting (23 September 2019)	
3.1	The minutes were tabled and AH gave a summary.	
3.2	Updated paper for schools with balances, identified 12 schools and themes around those schools.	
4.	Dedicated Schools Grant (DSG) 2019/20	
4.1	<u>Update following July 2019 revision</u> Been an increase in the early years block, funding for 3 and 4-year olds has	

	increased due to numbers going up. The high needs block decreased as a result of more children being educated outside of city. This is based on the annual adjustment made by the Department for Education for import and export. They have paid £6000 initially for element 2 of high needs funding and they have now taken that money out of the Dedicated Schools Grant (DSG) to reflect the increased number of pupils with high needs being educated outside of the city.													
5.	Schools Block 2020/21													
5.1	SW gave outline of paper as initial proposal and interim paper. The Government has not yet published full detail and will need to be revisited at December's Forum. However for 2020/21, there will be an additional £2.6 billion nationally included in Schools Block funding. Minimum per pupil allocations excluding premises will be £3,750 for primary schools and £5,000 for secondary schools in 2020/21. <u>The initial proposals for 2020/21 presented are in line with previous discussions with Schools Forum:</u>													
5.2	<u>Lump Sum</u> The LA considered three options for setting the level of the lump sum in the 2020/21 formula. These were described at the meeting and were set out in the paper.													
5.2.1	After due consideration the LA believes the impact of reducing the lump sum will have a disproportionately detrimental impact on one-form entry primary schools. The economies of scale that exist within these schools are minimal and for this reason the LA is proposing to retain a lump sum of £130,000 in 2020-21.													
5.2.2	This proposal was supported by the Forum.													
5.3	<u>Deprivation</u>													
5.3.1	SW reminded Forum members of the earlier discussions at both Schools Block Working Group and Schools Forum, and the proposal to adopt a gradual approach to the use of the 3 indicators on the basis set out in the table below. <table border="1" data-bbox="354 1491 1251 1697"> <thead> <tr> <th>Deprivation Indicator</th> <th>2019/20</th> <th>2020/21</th> </tr> </thead> <tbody> <tr> <td>Free school meals eligibility</td> <td>75.0%</td> <td>50.0%</td> </tr> <tr> <td>Ever-6 free school meals eligibility</td> <td>12.5%</td> <td>25.0%</td> </tr> <tr> <td>IDACI</td> <td>12.5%</td> <td>25.0%</td> </tr> </tbody> </table>	Deprivation Indicator	2019/20	2020/21	Free school meals eligibility	75.0%	50.0%	Ever-6 free school meals eligibility	12.5%	25.0%	IDACI	12.5%	25.0%	
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5.3.2	The LA proposed to implement this arrangement for 2020/21. This will bring Brighton and Hove closer to the approach used by most other LAs and that used in the national funding formula.													
5.3.3	DJ felt that idaci affects different parts of the city and it would be good to look at the model of this and how it affects poorer families. Government are aware of this and they are going to do an impact assessment. None of the individual deprivation measurements are particular precise. OS suggested having a rolling average. SW advised the Department of Education has provided the data set, there is no local flexibility. The LA proposal was supported by the Forum.													

6	Term-Time Only Back Pay Liability	
6.1	<p>NM went through paper and is largely the same as before. KS is around if needed. Went through revised calculations and gave reasons. The ongoing cost is going to be added to the pay bill. Unions have given a good case for the back pay claims. LA felt a need to come to some settlement. The risk of taking to court will mean high costs and potential delays in resolution. LA Have worked with unions and negotiated what is best for the council. The overall back pay liability is estimated at £3.8 million. The LA has identified funding to support 50% of the back pay costs from corporate budgets and this proposal sent to Policy, Resources and Growth Committee. This would mean an equal share of the back pay liability of c. £189,000 per annum to go to schools and general fund if spread over 10 yrs. Group need to discuss more as to how it is done and members are aware of pressures. JL gave them commitment at Policy, Resources and Growth committee (PR and G). Primary had meeting with previous members. Members are clear they want to listen to views. JL said other models of support would be considered and invited suggestions from schools. These, for example, may give a higher weighting of corporate funding to small schools or those with high numbers of SEND pupils.</p>	
6.2	<p>AH said that it has gone down a different route at P, R and G committee. Look here at this group and then go back to PR and G committee.</p>	
6.3	<p>NM only aware of one other authority where they have given the whole amount but they may be financially better off. KS would need to clarify. Other local authorities are looking at it including our neighbours. Unions and headteachers feel that it lies with the local authority and have taken advice from HR advice purchased through the buyback. Huge inclusion issue when it comes to who employs the support staff who work at schools who have special needs children. Schools have had no involvement in the negotiation. Members do understand but they have to balance funds for other areas and is set in the context of an £8m to £10m general fund budget gap. Trying to get a negotiation. Distribution would need to be discussed further. Liability would sit with the end employer. RBu concerned what the figures are and the impact. Special schools have higher costs. Events in November for staff to sign up so the figures will be announced there, is a settlement so not an exact calculation. Legal will work with finance as quickly as they can, legal liability sits with the school and the local authority have taken advice with legal. NM not sure we can do legally regarding top slicing and government capitalisation. SW has written to the Department of Education to clarify and get advice.</p>	
6.4	<p>JK feels that it is an unwelcome additional charge, could there be a payback period longer than 10 years? NM can feed that back, look at other resources and finance could look at individual schools who have a high deficit.. Leavers only have 6 months to come forward, finance will have a definite figure soon. It was advised that NAHT are in talks with Unison and GMB. Staff might not claim as they are worried about schools deficits. NM will make sure employers are kept informed every step of the way. Will be noted in the minutes and if anyone has any further questions to e-mail to JL and she will feedback to members alongside other budget debates. Will not be decided until December or January. Schools invited to propose options of how corporate funding could be assigned and Finance can model those and consider them at the Schools Block Working Group where there could be a detailed discussion. JL will double check if diocese happy or not. JK said would like</p>	

6.5	to be treated the same as other schools, extended for 3 schools until October 9, JL will check back re Diocese and whether individual schools need to respond. JL to check if there was a letter from Jooles Miller before 7 October.	JL
7.	School Meals update	
7.1	<u>Updates on UIFSM, the Free School Meals supplementary grant and the current contract</u> Deferred to next meeting.	
8	DSG 2020/21	
8.1	LH advised the local authority receive £177m for DSG, spending review not included	
8.2	GCG and SW had meeting this week regarding high needs block. Will need security that new funding is permanent.	
8.3	LH outlined areas where Forum approval is required for de-delegation and central retention of Central Services Schools Block Funding. DJ said schools ideally need more clarity on funding settlement for 2020/21 before they can agree.	
8.4	It was agreed Forum would consider each area to see which proposals could be agreed and defer any others to the December meeting.	
8.5	Contingency – JL can provide that in RB’s absence. Finance can provide a breakdown summarising use of contingency Decision for de-delegation of contingency was deferred to December Forum. EMAS – de-delegation agreed.	
8.6	FSM eligibility admin – LH looking at which students are eligible for FSM, they go through eligibility checks including national insurance. This has to go through GDPR checks. £25k across the board – all agreed.	
8.7	Insurance – JK will like more clarification – deferred to December	
8.8	Union duties - jury service suspension. For school staff – all agreed.	
8.9	Growth fund this recognises where schools have pre-agreed organisational changes and where there is a time lag between new year groups / additional forms of entry being introduced and these pupils appearing on the census to be counted for funding purposes. – all agreed.	
8.10	Central services block – Funding for central functions Section 6 — Legionella works - agreed.	
8.11	Miscellaneous headteacher’s support – introduction and support for new headteachers and conferences – agreed.	
8.12	School Admissions – OS gave feedback – agreed.	

8.13	Termination of employment costs – historical costs and have been funding though the scheme- reduced figure, LH gave description to JK – all agreed.	
8.14	Schools Forum – agreed.	
8.15	Copyright licence – figure set by Department of Education included but group don't have to agree.	
8.16	Old education services grant areas – statutory duties, Access to Education and asset management – detailed report provided last year, DJ and Emma Lake contributed	
8.17	Statutory duties and access management agreed. Asset management to be deferred. Further information required particularly relating to VA schools	
9.	AOB	
9.1	Nothing discussed.	

Next Meeting: Monday 9 Dec, 4 – 6pm, room G91 Hove Town Hall. Room available from 3:30 for pre meet

All meetings start at 4pm:

2020 dates tbc:

Wed 15 Jan, Committee Room 3, Brighton Town Hall (Monday 13 Jan clashes with CYPS Committee)

Mon 16 March, Committee Room 3, Brighton Town Hall

Mon 15 June, Committee Room 3, Brighton Town Hall

Mon 12 October, HTH tbc (room can only be booked 1 year in advance)

Mon 7 December, HTH tbc (room can only be booked 1 year in advance)



**Brighton & Hove
City Council**

**Schools Forum
Monday 7 October 2019
4.00 pm – 6.00 pm
G91 Hove Town Hall**

Updated draft AGENDA

Chair: Peter Freeman

Item	Time	Duration	Subject	Lead(s)
1.	4.00	5 mins	Welcome and apologies. Items for any other business to be stated	Peter Freeman
2.	4.05	10 mins	Minutes of last meeting (24 June 2019) and matters arising (minutes attached) Matter Arising-Schools Outturn	Peter Freeman Richard Barker
3.	4.15	5 mins	Minutes of the last SBWG meeting (23 September 2019)	Ashley Harrold
4.	4.20	10 mins	DSG 2019/20 Update following July 2019 revision	Louise Hoten
5.	4.30	25 mins	Schools Block 2020/21	Steve Williams
6.	4.55	20 mins	Term-Time Only Back Pay Liability	Nigel Manvell/Jo Lyons
7.	5.15	10 mins	School Meals update Updates on UIFSM, the Free School Meals supplementary grant and the current contract	Susie Haworth / Richard Barker
8.	5.25	10 mins	DSG 2020/21	Louise Hoten
9.	5.35	5 mins	AOB <ul style="list-style-type: none">• Dates for 2020 – Wednesday 15 January BTH, 16 March BTH, 15 June BTH, 12 October HTH, 7 December HTH• School Financial Transparency Consultation – closed 30/09/19	Peter Freeman
			Next Meeting: Monday 9 December 2019 4.00 – 6.00 pm Room G91 Hove Town Hall	

Brighton & Hove City Council**Meeting:** Schools Forum**Date:** 7 October 2019**Report of:** Head of Health, Adults, Families, Children and Learning Finance**Subject:** DSG 2019/20**Wards Affected:** All**1 Purpose of the report**

1.1 To update the Schools Forum on the DSG for 2019/20.

2 Recommendations

2.1 To note the updated DSG for 2019/20 of £177.823m (before Academy recoupment of £13.748m), which has increased by £0.467m from the previously notified £177.356m. This relates to a reduction in the High Needs Block (HNB) of £0.111m and an increase in the Early Years Block (EYB) of £0.578m.

3 Overall DSG 2018/19

3.1 The table provides a summary of the 2019/20 DSG allocation published by DfE in July 2019

3.2 The funding for 3 & 4 year olds has been increased by £0.541m due to January 2019 pupil numbers (an increase in universal funding provision and by an increase in extended hours provision), the funding for two year olds has also increased by £0.037m.

3.3 The high needs block has been reduced due to an increase in the number of Brighton and Hove children being educated outside of the city.

	Schools Block	Central Services Schools Block	High Needs Block	Early Years Block	Total 2019/20
	£k	£k	£k	£k	£k
Schools Block – Exception One	1,210	0	0	0	1,210
Schools Block – Growth Fund	494	0	0	0	494
Central Services Schools Block	0	1,241	41	12	1,294
	1,704	1,241	41	12	2,998
Funding available in HNB & EYB	0	0	25,198	15,836	41,034
Post de-delegation funding to schools	133,791	0	0	0	133,791
Total Blocks (to be applied)	135,495	1,241	25,239	15,848	177,823
DfE Blocks (estimated)	134,211	2,627	25,149	15,836	177,823
Difference	1,284	(1,386)	90	12	0
A. Exceptions DfE have in the CSSB rather than HNB/EYB	0	(53)	41	12	0
B. Delegation of Equal Pay, BHISS and Broadband	1,284	(1,333)	49	0	0

3.3 The overall summary of the 2019/20 DSG including the adjustments for Academy recoupment is shown in the table below:

2018/19		Schools	Central Schools	High Needs	Early Years	Total DSG
174.980	Total DSG – as above (£m)	135.495	1.241	25.239	15.848	177.823
100.00	Initial split of 2019/20 DSG (%)	76.20	0.70	14.19	8.91	100.00
	Adjustments:					
(3.939)	Academy Recoupment – BACA (£m)	(3.990)	0.000	0.000	0.000	(3.990)
(2.834)	Academy Recoupment – PACA (£m)	(3.537)	0.000	0.000	0.000	(3.537)
(1.796)	Academy Recoupment – City Academy Whitehawk (£m)	(1.826)	0.000	0.000	0.000	(1.826)
(2.511)	Free School Recoupment – Kings School (£m)	(2.663)	0.000	0.000	0.000	(2.663)
(1.508)	Free School Recoupment – Bilingual Free School (£m)	(1.732)	0.000	0.000	0.000	(1.732)
(12.588)	Total Academy Recoupment (£m)	(13.748)	0.000	0.000	0.000	(13.748)
162.392	Updated split of 2019/20 DSG – October 19 Forum (£m)	121.747	1.241	25.239	15.848	164.075
100.00	Updated split of 2019/20 DSG (%)	74.20	0.76	15.38	9.66	100.00

Academies and free schools for 2019/20 – recoupment academies are BACA, PACA, & City Academy Whitehawk (CAW) and free school recoupment are Kings School and Bilingual Free School.

Brighton & Hove City Council**Meeting: Schools Forum****Date: 7 October 2019****Report of: Head of Health, Adults, Families, Children and Learning Finance****Subject: Schools Block Funding Formula 2020-21 – Initial Proposals****Wards Affected: All****1. Purpose of the report**

- 1.1 To update the Schools Forum on the initial proposed changes to the local formula for the allocation of the Schools Block in 2020-21. This is an interim paper that updates on changes previously discussed with Forum.
- 1.2 Following the recent government spending review announcements and the commitment to increase funding for schools the local authority has not yet received detailed confirmation of how this will impact on Brighton and Hove specifically. This information is expected in October and means the LA will bring a further paper to the December Forum to set out proposals of how the new funding will be accommodated in the local funding formula.

2 Recommendations

- 2.1 To note initial proposals to the approach to the application of the formula for 2020-21. This was considered by the Schools Block Working Group at a meeting in September 2019. In summary, this will:
 - retain a lump sum of £130,000 per school
 - incrementally extend the use of the ever-6 free school meals and the income deprivation affecting children index (IDACI) factors as previously agreed by Schools Forum and recommended by School Block Working Group

These proposals are detailed in section 4 of this report.

- 2.2 To note all funding models are illustrative and show the impact had they been applied in 2019-20. For 2020-21, all data will be updated to reflect the October 2019 census, new funding levels and the baselines will be taken from the 2019-20 financial year.

3. Background and Information – national position

- 3.1 The DfE introduced national funding formulae for each of the schools, high needs and central school services in 2018-19. These formulae will be used to calculate the blocks within the Dedicated Schools Grant (DSG) that are allocated to local authorities and will sit alongside the early years national funding formula which was introduced in 2017-2018.

- 3.2 While it remains the Government's intention that a school's budget should be set on the basis of a single national formula, local authorities will continue to determine final funding allocations for schools 2020-21. The national funding formula (NFF) will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each local authority.
- 3.3 Local authority level allocations for 2020-2021 for the schools, central school services and high needs blocks have not yet been published. It is anticipated that more detail of these allocations will follow in October, with final allocations due to be published in December. These will reflect pupil numbers and other data recorded in the October 2019 census.
- 3.4 Nationally, the schools and high needs budgets will rise by £2.6 billion in 2020/21, and, separate to this, the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.
- 3.5 The Schools NFF for 2020-21 will continue to have the same factors as at present, and the government's aim is to implement a formula to address historic underfunding and move to a system where funding is based on need. The key aspects of the background NFF for 2020-21 are:
- the minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools
 - the funding floor will be set at 1.84% per pupil
 - an increase of 4% to the NFF's core factors
 - there will be no gains cap in the NFF, unlike the previous two years, so that all schools attract their full core allocations under the formula
- 3.6 As stated, in 2020-21 local authorities will continue to have discretion over their schools funding formulae and, in consultation with schools, will ultimately determine allocations in their area. However, as a first step towards hardening the formula, from 2020-21 the government will make the use of the national minimum per pupil funding levels, at the values in the school NFF, compulsory for local authorities to use in their own funding formulae.
- 3.7 In addition, two important restrictions will continue in 2020/21:
- Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2020-21 must be between +0.5% and +1.84%. This is a change and will allow LAs to mirror the real terms protection in the NFF, which is the Government's expectation
 - Local authorities can only transfer up to 0.5% of their Schools Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, they will have to make a request to the Department for Education.
- 3.8 As in 2019-20, it is expected that NFF schools block allocations will be expressed as separate per pupil primary and secondary rates for each local authority. They will also include funding at local authority level for premises and mobility (based on historic spend) and growth (on a formulaic basis).

- 3.9 The proposed NFF is comprised of 12 factors and these are listed in the table below with the percentage distribution shown against each factor (2019/20 levels):

NFF Factor	Final Weighting
Basic per pupil funding	73.1%
Deprivation	9.0%
Low prior attainment	7.4%
English as an additional language	1.2%
Mobility	0.1%
Lump sum	6.8%
Sparsity	0.1%
Premises (rates, PFI, split sites, exceptional circumstances)	1.9%
Growth	0.5%
Total	100.0%

- 3.10 Further detail about the new funding announcements and how they impact locally will be presented at the December 2019 Schools Forum.

4. Initial Considerations and Proposals for 2020-21 Schools Block – local arrangements

- 4.1 The introduction of the NFF represents a significant change. To provide stability for LAs and schools through the transition, the DfE has decided that LAs will continue to set a local schools formula to determine individual school budgets for 2020-21.
- 4.2 In 2019-20 LAs across the country have continued moving local formulae towards the schools NFF. For 2019-20, this also applied to Brighton and Hove and, most notably, changes were made to the lump sum and deprivation.
- 4.3 In July 2019, the DfE published analysis of all LA formulae for 2019-20 and the LA has considered this, as well as the comparability of the current local formula with the NFF. In this regard the LA is now proposing to take the following approach to areas of the formula for the 2020-21 financial year:
- lump sum – retain the existing lump sum of £130,000 per school
 - deprivation – change the distribution of funding through this factor to a more even spread between free school meals, ever-6 free school meals and IDACI

The proposals for these areas are detailed below.

4.4 Lump sum

In 2019-20 Brighton and Hove moved from a lump sum of £150,000 to £130,000 for each school. The lump sum in the NFF is currently applied at £110,000. For 2020-21 a decision is required whether to retain the lump sum at £130,000 or reduce this to either £110,000 or £120,000. This can be considered in conjunction with a wider analysis of other 2019-20 funding models as summarised in the table below:

Comparator	Proportion of overall funding allocated through deprivation 2019-20	Proportion of overall funding allocated through low attainment 2019-20	Cash value of funding allocated through lump sum 2019-20
Brighton and Hove	9.41%	6.17%	£130k
All LAs average	8.85%	6.66%	£119k
Statistical neighbours average	8.73%	7.32%	£115k
Proposed NFF	9.00%	7.40%	£110k

The analysis suggests that Brighton and Hove is already allocating a high proportion of funding through the deprivation factor, whereas we are lower against all 3 other comparators in terms of the percentage of funding allocated through the low attainment factor.

On this basis the LA feels that there are three models for consideration in 2020-21:

- option 1 - retain the existing lump sum of £130,000
- option 2 - reduce the lump sum from £130,000 to £120,000 with balance of funding being allocated through low attainment
- option 3 - reduce the lump sum from £130,000 to £110,000 with balance of funding being allocated through low attainment

The information shown in **appendix 1** provides models of the impact of reducing the lump sum as set out in options 2 and 3 above. These are compared to the status quo (option 1). The appendix shows the impact of the changes had they been applied in the current financial year.

4.5 After due consideration the LA believes the impact of reducing the lump sum will have a disproportionately detrimental impact on one-form entry primary schools. The economies of scale that exist within these schools are minimal and for this reason the LA is proposing to retain a lump sum of £130,000 in 2020-21.

4.6 Deprivation

For 2019-20 the Schools Forum asked the LA to consider a change to the deprivation factor and the proposal to move from solely free school meals to a model that uses a more even combination of free school meals, ever-6 free school meals and the income deprivation affecting children index (IDACI).

After discussion at Schools Block Working Group and Schools Forum, and consultation with all schools, it was agreed to adopt a gradual approach to the use of the 3 indicators on the basis set out in the table below.

Deprivation Indicator	2019/20	2020/21
Free school meals eligibility	75.0%	50.0%
Ever-6 free school meals eligibility	12.5%	25.0%
IDACI	12.5%	25.0%

The LA will implement this arrangement for 2020-21 as previously agreed.

The LA feels that as well as moving closer to the approach in the NFF, the basket of indicators provides a more balanced measure of deprivation.

4.7 The LA believes that the initial proposals set out in this paper to determine the 2020-21 funding formula represent a gradual and measured step in the transition towards the NFF.

4.8 It should be noted that the following areas fall outside of the Schools Block budget allocation:

- Pupil premium
- Teachers' pay grant
- Teachers' pension grant

Meeting: Schools Forum

Subject: Term Time Only Back-pay Liability

Date: 7th October 2019

Report of: Executive Director Finance & Resources
Executive Director Families, Children & Learning

Contact Officers: Nigel Manvell
Ken Simpson

Wards affected: All

1 Introduction and Purpose

- 1.1 In June 2019, a report to the Schools Forum highlighted the issues related to changes in case law and new Local Government Association (LGA) guidance regarding the calculation of annual leave and pay for term time only (TTO) staff. The report explained the revised calculation methodology and set out the financial implications of the required changes. The report further indicated a potential way forward for the council to assist schools to manage the historic liability which would be considered by the council's Policy, Resources & Growth Committee.

2 Recommendations

It is recommended that the Schools Forum:

- 2.1 Notes the council's offer of financial support to manage the back-pay liability as approved by the Policy, Resources & Growth Committee on 18 July 2019.

3 Background

- 3.1 Term-time only (TTO) employees are employees that are principally employed to work only during periods in which schools are open i.e. 'term time'. In most organisations the standard approach for TTO employees is to calculate their pay on an annual basis including pay in respect of annual leave entitlement and then pay over twelve equal monthly instalments. The amount paid each month is therefore without regard to the actual amount of work done during the month in question. Employees on TTO contracts are normally contractually obliged to take any annual leave that they accrue outside of term-time. Both of these issues can cause complications relating to the pay and conditions of service.
- 3.2 In 2017 the Local Government Association (LGA) set up a working group to agree a recommended position and create a number of guidance documents for Local Authorities and Schools on managing TTO contracts. The working group includes representatives from the LGA, Unison and GMB as well as HR professionals from across the country who are acting as advisors to the LGA.
- 3.3 This guidance document has been approved by the LGA, Unison and GMB nationally and was published by the LGA on 26 February 2019. This guidance will be added as an appendix to the Green Book, which sets out the national terms and conditions for local

government services staff. This new guidance also reflected a case law decision in 2018.

- 3.4 The GMB initiated a conversation with BHCC in March stating that they were well advanced in terms of legal advice and preparations for legal claims related to this issue but would be prepared to enter into negotiations regarding a settlement of liability for back-pay.
- 3.5 As reported to the Schools Forum on 24th June 2019, with effect from 1st September 2019 the council will implement a new methodology for calculating the leave entitlement for TTO staff which is consistent with the LGA advice and will comply with our legal obligations. This methodology will result in an increase in the paid weeks per year of all TTO staff of between 0.67 and 1.0 additional week's pay per year. This methodology has been agreed with Trade Unions and is not in dispute.
- 3.6 There are approximately 2,430 staff affected by this issue with approximately 2,290 of these staff being in schools. The full year ongoing cost of this change to schools including on-costs is estimated to be approximately £0.660m.

4 Settlement of Back-pay Liability

- 4.1 As leave for TTO staff has been calculated incorrectly according to the case law there is a material prospect of legal claims for the underpayment of holiday. The potential legal costs of defending claims in a tribunal would also be significant.
- 4.2 As previously reported, the GMB union made it clear that they were in the advanced stages of initiating legal claims in relation to this and therefore it was almost certain these would have been submitted if the council had not entered negotiations and reached agreement on a settlement.
- 4.3 The settlement offered following negotiation with the Trade Unions reflects settlements elsewhere, notably Greenwich LBC, and will provide up to a maximum 5 years and 3 months back pay in settlement of any potential claim plus compensation in respect of pension losses.

5 Responsibility for Arrears (Back-pay)

- 5.1 The Scheme for Financing Schools, which is compliant with the statutory Finance Regulations 2019-2020, states at paragraph 6.1 that:

6.1 The budget share of a school may be charged by the LA without the consent of the governing body only in circumstances permitted by the scheme (as below). The LA will inform the school as to the intention to charge, and notify schools when it has been done.

In this respect, paragraph 6.1.1 further provides that:

6.1.1. Charging of salaries at actual cost

The LA will charge the actual salary costs of school-based staff to school budget shares.

Arrears of pay, howsoever they may arise, are a salary cost and are chargeable to school budget shares. It is therefore the local authority's intention to charge the schools budget for both the ongoing costs and arrears of pay relating to changes to the calculation of pay for term time only school staff.

6 Costs of Settlement and Financial Assistance to Schools

- 6.1 The current estimated cost to schools of settlement of the back-pay liability is approximately £3.772m based on the terms of the negotiations. The estimated ongoing annual cost to schools is £0.660m.
- 6.2 The ongoing cost and historic liability (arrears of pay) are regarded as normal pay costs and are chargeable to the schools block. However, arrears of pay over such a lengthy period are unusual and will create a very substantial one-off financial impact. In recognition of the significant budgetary impact this back-pay liability would have on schools, the council has considered the possibility of providing financial assistance to schools in terms of either enabling schools to spread the cost over a period of years or by directly meeting some of the back-pay liability from its General Fund budget.
- 6.3 The council does not have any available reserves to apply to this liability and, unlike the previous 2009 equal pay liability, does not have access to a capitalisation direction from government to enable it to use capital resources or borrowing. However, at any one time, a number of the council's earmarked reserves, although fully committed to known future costs, are not required in the immediate future. The council could therefore consider using some of its reserves as an interest free borrowing facility to allow costs to be spread over a period of up to 10 years.
- 6.4 However, this would still mean significant additional annual costs when added to the ongoing cost of the revised term time only calculation. The council could therefore consider using the General Fund budget to provide one-off financial support but this is in the context of the very challenging financial position the council has been facing since current government funding policy was introduced in 2009/10.
- 6.5 At its meeting on 18th July 2019, the council's Policy, Resources & Growth Committee gave full consideration to all options open to it - in the context of challenging financial constraints on the council's General Fund - to provide assistance to Schools to meet these substantial additional pay costs. The committee approved the following package of financial assistance to schools:
- To share the burden of one-off back-pay costs and meet 50% of the cost from the council's General Fund budget to support schools and the council's commitment to education.
 - To allow schools to spread the remaining 50% share of the back-pay liability over a 10 year period by making available earmarked Waste PFI reserves;

A summary of both ongoing costs and back-pay costs and how they will fall across the Schools Block and the council's General Fund budget is given in the table below:

Term Time Only Cost Element	Schools Block (Annual) £'000	General Fund (Annual) £'000
Schools back-pay annual cost (shared over 10 years)	188.6	188.6
Ongoing annual cost of change to leave entitlements	660.0	0.0
Total Annual Cost	848.6	188.6

7 Implementation of Agreement

- 7.1 Following conclusion of negotiations with Trade Unions, who will need to consult their members, it is intended to implement the settlement in the Autumn. This will require individual employees to enter into a legal agreement facilitated by ACAS called a COT 3 to waive any claims in exchange for the agreed settlement payment. Given the significant numbers of staff involved this will require considerable logistical planning and support from individual schools in facilitating staff attending sessions to receive advice and accept any settlement offer.

8 Spending Review 2019

- 8.1 Since the June Schools Forum meeting, the government has announced an interim spending review. An increase in the departmental expenditure limit for Education & Skills will provide an extra £2.6bn in 2020/21 and very substantial increases in the following two years for schools and special educational needs. This is on top of provision for additional Teachers Pensions costs of £1.5bn. The exact impact on the schools budget is not known at this time but will clearly be very substantial and should further aid schools in managing the impact of the term time only financial impact.

Brighton & Hove City Council**Meeting: Schools Forum****Date: 7 October 2019****Report of: Head of Health, Adults, Families, Children and Learning Finance****Subject: DSG 2020/21****Wards Affected: All****1 Purpose of the report**

- 1.1 To update the Schools Forum on the DSG, including the Central School Services Block (CSSB) and Growth Fund for 2020/21.

2 Recommendations

- 2.1 To note the estimated DSG of £177.823m for 2020/21. This is currently assumed at the same level as 2019/20. Following the recent government spending review announcements, and the commitment to increase funding for schools and high needs, the local authority has not yet received detailed confirmation of how this will impact on Brighton and Hove specifically. This information is expected in October and means the LA will bring a further paper to the December Forum to update on the details of the new allocations.
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- 2.4 To agree the Growth Fund of £0.384m as per paragraph 5.
- 2.5 To agree the items within the Central Services Schools Block (CSSB) of £1.296m as per paragraph 6.

3 Background

- 3.1 On 3 September 2019, the Spending Review announced the government's commitment to increase the schools budget by £7.1 billion (£4.6 billion above inflation) by 2022/23, compared to 2019/20 funding levels. To fulfil this commitment, the Spending Round exceptionally sets budgets for schools until 2022/23.
- 3.2 The schools budget will rise by £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23, compared to 2019/20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.
- 3.3 The government will use part of this funding to continue to implement the schools National Funding Formula (NFF). The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8%) in 2020/21. For schools already on their National Funding Formula allocation, the per pupil values in the formula will

increase by at least 4% in nominal terms in 2020/21. The minimum per pupil amount for 2020/21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021/22 in line with the government's commitment.

- 3.4 The settlement also provides over £700 million more in 2020/21 compared to 2019/20 funding levels to support children and young people with special educational needs in the High Needs Block (HNB).
- 3.5 While it remains the government's intention that a school's budget should be set on the basis of a single National Funding Formula (NFF) in 2020/21, and its intention is to move to a "hard" NFF for schools when legislation allows, local authorities will continue to determine final funding allocations for schools through a local formula. In 2020/21, the NFF will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each local authority.
- 3.6 In summary, there are a number of key issues to note for the funding system for 2020/21:
- (i) Within the schools block, the Government will provide for at least a 4.0% per pupil increase for each school in 2020/21 through the NFF.
 - (ii) The NFF will provide local authorities with per pupil funding of at least £3,750 for all Primary Schools (rising to £4,000 for 2021/22) and £5,000 for all secondary schools. The precise operation of this will be confirmed following a DfE consultation, which ends on 22 October 19.
 - (iii) Within the high needs block (HNB), the Government will provide for at least an 8.0% increase (per head of population aged 2-18) through the funding floor.
 - (iv) The minimum funding guarantee (MFG) for schools will continue, but local authorities will have the flexibility to set a local MFG between +0.5% and +1.84% per pupil, allowing authorities to mirror the real terms protection in the NFF.
 - (v) The schools block will be ring-fenced, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their Schools Forum.
 - (vi) Funding for Pupil Premium, Teachers Pay Grant and Teachers' Pension grant, will continue in 2020/21 and are in addition to the DSG funding in this report. The Teachers' Pension grant has been confirmed at £1.5 billion until 2022/23.

However the impact of these increases has not been communicated at an authority level therefore this report does not include the additional funding to be allocated in 2020/21.

4 Exception 1 – Where maintained schools agree that a service should be provided centrally – part of the Schools Block

- 4.1 For 2020/21 the draft figures per phase are shown in the table below. It will be necessary for Forum members to agree to de-delegation on a phase by phase basis (this section only applies to mainstream Primary and Secondary schools and does not apply to Academies and Free Schools);

Service	para	How this is de-delegated from Schools budgets	Primary £k	Secondary £k	Total £k
Mainstream Schools Contingency	4.2	amount per pupil	157	143	300
Ethnic Minority Achievement Service (EMAS)	4.3	amount per EMAS pupil	349	0	349
Free School Meals (FSM) eligibility administration	4.4	amount per FSM pupil	16	9	25
Insurance	4.5	amount per pupil	283	169	452
Staff Costs (Union Duties / Jury service / Suspension)	4.6	amount per pupil	44	40	84
TOTAL			849	361	1,210

- 4.2 The first area to be considered is the **Contingency** fund that enables the Council to support schools whenever unforeseen issues arise. In 2018/19, £299,539 was spent (Primary £104,956 and Secondary £194,583). There are a large number of potential cases where schools may receive an allocation from contingency. These include:

- Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet
- Schools in financial difficulties
- Additional costs relating to new, reorganised or closing schools
- Correction of formula errors / errors in data

In total, it is proposed that £0.300m will once again be held as a contingency in 2020/21, to ensure those schools that need support can receive it.

- 4.3 The second area to be considered is funding for support for **Ethnic Minority Achievement Service (EMAS)**. EMAS is a school improvement service that assists and challenges schools and Early Years settings to ensure that learners from EAL, BME and mixed heritage groups have access to the education opportunity they require to achieve. The team leader acts as an ambassador and advocate raising awareness of BME pupils and families and the related agendas and issues surrounding achievement.

All local authority primary schools can access a 'core' service from EMAS. This is funded by the de-delegated sum contributed by every primary school. Every primary maintained school in the city has access to the EMAS 'core' service and the choice of purchasing further packages to support EAL/BME pupils 'diminishing the difference' in achievement. EMAS reports on BME and EAL data yearly and will lead schools in 'diminishing the difference' for these pupils.

The core service includes:

- Strategic visits to address development needs, including data analysis and target setting

- Equalities and Diversity Learning walk
- Advice around EAL/SEN (special educational needs)
- Access to home liaison for significant meetings, annual reviews etc. in main community Languages (Albanian, Arabic, Bengali, Chinese, Dari, Farsi, Hungarian, Pashtu, Romanian, Persian, Portuguese, Oromiffa, Spanish, and Polish)
- Specialist Early Years teacher transition visits for pupils identified by EMAS Early Years teachers and TAs
- Specialist TA support for groups of pupils in reception to boost acquisition of English and opportunity to meet GLD at EYFS. This provision is targeted according to EMAS assessment of need in reception classes across all Brighton and Hove state maintained schools
- Up to date advice from research around BME progress and achievement
- Triple P in Bengali, Polish, Chinese, Oromiffa and Pashtu

The de-delegated sum also subsidises the Bilingual Assistant provision for schools and provides funding for leadership and professional development of the EMAS team. Bilingual assistants are available for: Albanian, Amharric, Arabic, Bengali, Cantonese, Dari, Farsi, Hungarian, Lithuanian, Mandarin, Oromia, Pashtu, Polish, Portuguese, Romanian, Russian, Slovakian, Thai, Turkish and Urdu.

EMAS is funded by a mix of de-delegated schools block DSG (£0.349m proposed for 2020/21) and schools buy back.

4.4 The third area to be considered is funding for **Free School Meals (FSM) eligibility checking service**.

The benefits of retaining the service centrally are as follows:

- Ensures that schools receive the correct levels of funding based on FSM eligibility (pupil premium)
- Ensures that data held by schools is accurate and matches that held at authority level which is essential for census returns.
- Assists in maintaining accurate data on the Impulse database which is used by many teams within the authority, enables access to FSM eligibility when used to consider other benefits e.g. free travel
- Provides consistent methods of application for all parents/carers across the city available online through the councils webpage or by a single paper form
- More efficient verification process as the LA is able to utilise an online checking system which links to the DWP and HMRC data. This is only available to LAs and not individual users (e.g. schools)
- Improved customer experience as paper proof of benefits are not required and phone/online applications can be made and we are able to investigate “false” results directly with HMRC and the DWP(via the ECS) and inform applicants as to why they may not be eligible or confirm eligibility via these resources
- Available 52 weeks per year
- The current method (utilising online checking) enables a parent/carer to make one application which if they continue to be in receipt of a qualifying benefit will remain for the whole of their school life
- The introduction of UIFSM from September 2014 requires the ability to be able to identify and distinguish between UIFSM eligibility and FSM eligibility and promote application the funding ensures that this can be communicated clearly to applicants.

Systems and procedures in place centrally have helped minimise the impact of the introduction of UIFSM and reduction in applications, thus maximising access to pupil premium funding for schools across the city.

The risks if schools retain budgets are as follows:

- The customer experience would be greatly reduced – paper proof of benefits would be required and application numbers may reduce as schools are not available throughout the year
- The benefits system is changing with the roll out of Universal Credit (UC) and confirmation of FSM eligibility for some claimant is complex. UC statements can only be viewed online by claimants this together with a new category of “Pending keep checking” returned by an online check, requires us to keep checking for up to 6 weeks whilst the UC is put in place or until it shows as a true/false result.
- Incorrect awards of FSM – individual interpretation of criteria
- Less accurate data at LA level
- Schools would need to provide verification of FSM status to support parental requests for transport assistance – significantly increasing the waiting time for parents/carers
- Increased administration at school level and lack of expert knowledge may impact on promotion of application especially as applications tend to be made at an already busy time of the academic year.

- 4.5 The fourth area to be considered is funding for **Insurance**. At present insurance cover for buildings, contents, liability and other miscellaneous insurances are arranged centrally by the Insurance Team. As well as ensuring that cover is adequate and appropriate for the school’s needs the Insurance Team provides day to day advice to schools and plays a large part in the administration and negotiation of claims.

The most obvious benefit of maintaining the current arrangement is one of cost effectiveness and value for money. By tendering all of the schools together, with the remainder of the council’s insurance requirements, lower premiums and less onerous terms can be achieved. Schools are traditionally viewed by insurers as high risk but by offering the remainder of the council’s property and liability risks at the same time this has the effect of tempering this risk as the insurance market will consider the risk presented to them as a whole.

Schools may face significant increases in premiums for property and liability insurance to reduce the current £100,000 excess on both property and liability claims to avoid having to find a large amount from their budget if a serious claim arises.

The schools also benefit from assistance and advice from the insurance team, who can liaise with insurers and the council’s insurance broker, where necessary, and ensure that any advice provided to schools reaches all appropriate staff and is consistent.

The risks in changing the current arrangements include higher premiums and more restrictive terms. Inappropriate covers may be arranged or gaps in cover may exist. Schools would probably need to secure the services of a broker to identify and arrange policies to meet their needs and claims would need to be negotiated direct with insurance companies or loss adjustors.

For Catholic schools, insurance for the building only, is not included as this is paid directly to each school following the diocese request to opt out of this element at a national level.

- 4.6 The fifth area to be considered is funding for **Staff Costs - supply cover (Union Duties/Jury service/Suspension)**, to ensure funding is available to give back to those schools who have teachers on Jury service, who have teacher union representatives at their school who do work for all school teachers and for those schools (Primary & Secondary) who may have a teacher that is suspended.
- 4.7 Whilst each of these could be delegated to schools on a pro rata basis, such individual funding is likely to be insufficient for schools to purchase an equivalent service. It may be in the future that groupings of schools will wish to explore their collective bargaining power in these areas but continuing with existing arrangements will ensure that provision is maintained and risks covered for all schools until any suitable alternatives can be determined.

5 Growth Fund £0.384m – part of Schools Block

- 5.1 As part of the new funding arrangements, the expectation of the Government is that the vast majority of the Schools Block will be delegated to schools through the local formula. However, the Schools Forum can make a decision to create a fund for significant pupil growth in order to support the Local Authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund. The Local Authority can appeal to the Secretary of State if the Schools Forum rejects its proposal. As in 2019/20, the LA is proposing to use the Growth Fund to recognise cases where schools are taking on additional forms of entry or extending the age range of pupils. The Schools Forum approved the central retention of the growth fund in 2019/20 (£0.494m) and the LA is seeking similar agreement for the coming financial year and in so doing recognise the additional accommodation being provided by secondary schools as the rise in pupil numbers makes its way into the secondary phase of education. The total budget provision required in the Growth Fund in 2020/21 is estimated to be £0.384m (as detailed in appendix 1). The growth fund will be ring-fenced so that it is only used for purposes of supporting growth in pupil numbers and will be for the benefit of both maintained schools and academies. This funding will be allocated directly to the individual schools affected.

6 Central School Services Block (CSSB)

- 6.1 For Exception 2 and Exception 3 items, the DfE will allow expenditure on these lines up to the total budgeted for in 2013/14, but no new commitments or additional expenditure will be permitted unless DfE approval is granted.
- 6.2 This block will contain the items previously considered under Exception 2, Exception 3, Copyright Licenses and Other Duties. The DfE will be using a national formula to calculate the CSSB, based on 90% pupil numbers and 10% deprivation, and then increased by the Greater Labour Market (GLM) Area Cost Adjustment (ACA), which is 1.00611 for Brighton & Hove.
- 6.3 The amount of funding previously in Exception 3 (Admissions, Termination of employment costs and Schools Forum) will be protected at £648k. However, some of the other allocations will reduce by 2.5% per year for 2020/21 until the national formula for the CSSB is in place.

- 6.4 Further details on the specifics of the operation of the CSSB for 2020/21 will be published in December 2019 with the final DSG information.

Total 2019/20 £k	Service	Central Services Schools Block £k	High Needs Block £k	Early Years Block £k	Total 2020/21 £k
33	Ex 2 – Combined Services – Legionella works	26	6	1	33
20	Ex 2 – Miscellaneous Expenditure – Headteacher Support	17	2	1	20
321	Ex 3 – School Admissions	315	5	1	321
252	Ex 3 – Termination of employment costs	223	22	7	252
40	Ex 3 – Schools Forum	32	6	2	40
148	Ex 4 – Copyright licenses as notified by DfE	150	0	0	150
219	Other Duties – Statutory and regulatory duties	219	0	0	219
112	Other Duties – Access for Education	112	0	0	112
149	Other Duties – Asset Management	149	0	0	149
1,294	Total Central School Services Block	1,243	41	12	1,296

6.5 Copyright Licenses – previously Exception 4 – as determined by the DfE

- 6.6 The DfE has agreed with the Copyright Licensing Agency (CLA), the Schools Printed Music License (SPML), the Newspaper Licensing Agency media access (NLA) licence, the Educational Recording Agency (ERA), the Public Video Screening Licence (PVSL) and Motion Picture Licensing Company (MPLC) licences, the Performing Right Society for Music (PRS), the Phonographic Performance Ltd. (PPL), the Mechanical Copyright Protection Society (MCPS) and the Christian Copyright Licensing International (CCLI), to purchase a single national licence managed by the DfE for all state-funded schools and academies in England. An additional exception has been defined by the DfE relating to these licences. This is estimated to be £0.150m for Brighton and Hove. .

6.7 Other Duties

- 6.8 The funding for Other Duties was transferred into the DSG in 2017/18 in relation to the funding previously allocated to the Local Authority for retained duties for all pupils. In 2018/19 the schools forum agreed for the Local Authority to retain the funding.

This provides support to all schools in the following areas:

Statutory and regulatory duties

- Planning for the education service as a whole.
- Authorisation and monitoring of expenditure not met from schools' budget shares.
- Internal audit and other tasks related to the authorities chief finance officer's responsibilities under Section 151 of the LGA 1972 except duties specifically related to maintained schools.
- Consultation costs relating to non-staffing issues.
- Plans involving collaboration with other LA services or public or voluntary bodies

- Provision of information to or at the request of the Crown other than relating specifically to maintained schools.

Access for Education

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils.
- School attendance including Children Missing Education.
- Responsibilities regarding the employment of children.

Asset Management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions
- General landlord duties for all buildings owned by the local authority, including those leased to academies

- 6.9 The DfE has stated that there is an expectation that Schools Forum will recognise the ongoing costs of local authority central functions and this is why these items have been included within the CSSB.

7. Overall DSG 2020/21

7.1 This table provides a summary of the provisional 2020/21 DSG allocation and details how the LA is proposing to apply this between the funding blocks.

	Schools Block	Central Services Schools Block	High Needs Block	Early Years Block	Total 2020/21
	£k	£k	£k	£k	£k
Exception One	1,210	0	0	0	1,210
Growth Fund	384	0	0	0	384
Central Services Schools Block	0	1,243	41	12	1,296
	1,594	1,243	41	12	2,890
Funding available in HNB & EYB	0	0	25,198	15,836	41,034
Post de-delegation funding to schools	133,899	0	0	0	133,899
Total Blocks (to be applied)	135,493	1,243	25,239	15,848	177,823
DfE Blocks (estimated)	134,209	2,629	25,149	15,836	177,823
Difference	1,284	(1,386)	90	12	0
A. Exceptions DfE have in the CSSB rather than the HNB or EYB	0	(53)	41	12	0
B. Delegation of Equal Pay £1.000m, BHISS £0.199m and Broadband £0.134m	1,284	(1,333)	49	0	0

The schools block will be updated to reflect the October 2019 census information later this year.

At this stage, DfE has not published initial estimates for the 2020/21 schools, high needs and early years blocks. Further information is expected at the end of the autumn term for 2020/21 final DSG.

The changes that have been made to the presentation of the blocks (shown above) when compared to the DfE allocations are:

- A) Redistribution of exceptions across appropriate blocks
- B) Delegation of Equal Pay, BHISS and Broadband funding in 2019/20

7.2 The overall summary of the 2020/21 DSG including the estimated adjustment for Academy recoupment is shown in the table below:

	Schools	Central Schools	High Needs	Early Years	Total DSG
Total DSG – as above (£m)	135.493	1.243	25.239	15.848	177.823
Proposed split of 2020/21 DSG (%)	76.20	0.70	14.19	8.91	100.00
Adjustments:					
Academy Recoupment – BACA (£m)	(3.990)	0.000	0.000	0.000	(3.990)
Academy Recoupment – PACA (£m)	(3.537)	0.000	0.000	0.000	(3.537)
Academy Recoupment – City Academy Whitehawk (£m)	(1.826)	0.000	0.000	0.000	(1.826)
Free School Recoupment – Kings School (£m)	(2.663)	0.000	0.000	0.000	(2.663)
Free School Recoupment – Bilingual Free School (£m)	(1.732)	0.000	0.000	0.000	(1.732)
Total estimated Academy Recoupment (£m)	(13.748)	0.000	0.000	0.000	(13.748)
Updated split of 2020/21 DSG – October 19 Forum (£m)	121.745	1.243	25.239	15.848	164.075
Updated split of 2020/21 DSG (%)	74.20	0.76	15.38	9.66	100.00

Academies and free schools for 2020/21 – recoupment academies are BACA, PACA, Kings School, Bilingual Free School & City Academy Whitehawk (CAW).

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 - (ii) The NFF will provide local authorities with per pupil funding of at least £3,750 for all Primary Schools (rising to £4,000 for 2021/22) and £5,000 for all secondary schools. The precise operation of this will be confirmed following a DfE consultation, which ends on 22 October 19.
 - (iii) Within the high needs block (HNB), the Government will provide for at least an 8.0% increase (per head of population aged 2-18) through the funding floor.
 - (iv) The minimum funding guarantee (MFG) for schools will continue, but local authorities will have the flexibility to set a local MFG between +0.5% and +1.84% per pupil, allowing authorities to mirror the real terms protection in the NFF.
 - (v) The schools block will be ring-fenced, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their Schools Forum.
 - (vi) Funding for Pupil Premium, Teachers Pay Grant and Teachers' Pension grant, will continue in 2020/21 and are in addition to the DSG funding in this report. The Teachers' Pension grant has been confirmed at £1.5 billion until 2022/23.

However the impact of these increases has not been communicated at an authority level therefore this report does not include the additional funding to be allocated in 2020/21.

4 Exception 1 – Where maintained schools agree that a service should be provided centrally – part of the Schools Block

- 4.1 For 2020/21 the draft figures per phase are shown in the table below. It will be necessary for Forum members to agree to de-delegation on a phase by phase basis (this section only applies to mainstream Primary and Secondary schools and does not apply to Academies and Free Schools);

Service	para	How this is de-delegated from Schools budgets	Primary £k	Secondary £k	Total £k
Mainstream Schools Contingency	4.2	amount per pupil	157	143	300
Ethnic Minority Achievement Service (EMAS)	4.3	amount per EMAS pupil	349	0	349
Free School Meals (FSM) eligibility administration	4.4	amount per FSM pupil	16	9	25
Insurance	4.5	amount per pupil	283	169	452
Staff Costs (Union Duties / Jury service / Suspension)	4.6	amount per pupil	44	40	84
TOTAL			849	361	1,210

- 4.2 The first area to be considered is the **Contingency** fund that enables the Council to support schools whenever unforeseen issues arise. In 2018/19, £299,539 was spent (Primary £104,956 and Secondary £194,583). There are a large number of potential cases where schools may receive an allocation from contingency. These include:

- Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet
- Schools in financial difficulties
- Additional costs relating to new, reorganised or closing schools
- Correction of formula errors / errors in data

In total, it is proposed that £0.300m will once again be held as a contingency in 2020/21, to ensure those schools that need support can receive it.

- 4.3 The second area to be considered is funding for support for **Ethnic Minority Achievement Service (EMAS)**. EMAS is a school improvement service that assists and challenges schools and Early Years settings to ensure that learners from EAL, BME and mixed heritage groups have access to the education opportunity they require to achieve. The team leader acts as an ambassador and advocate raising awareness of BME pupils and families and the related agendas and issues surrounding achievement.

All local authority primary schools can access a 'core' service from EMAS. This is funded by the de-delegated sum contributed by every primary school. Every primary maintained school in the city has access to the EMAS 'core' service and the choice of purchasing further packages to support EAL/BME pupils 'diminishing the difference' in achievement. EMAS reports on BME and EAL data yearly and will lead schools in 'diminishing the difference' for these pupils.

The core service includes:

- Strategic visits to address development needs, including data analysis and target setting

- Equalities and Diversity Learning walk
- Advice around EAL/SEN (special educational needs)
- Access to home liaison for significant meetings, annual reviews etc. in main community Languages (Albanian, Arabic, Bengali, Chinese, Dari, Farsi, Hungarian, Pashtu, Romanian, Persian, Portuguese, Oromiffa, Spanish, and Polish)
- Specialist Early Years teacher transition visits for pupils identified by EMAS Early Years teachers and TAs
- Specialist TA support for groups of pupils in reception to boost acquisition of English and opportunity to meet GLD at EYFS. This provision is targeted according to EMAS assessment of need in reception classes across all Brighton and Hove state maintained schools
- Up to date advice from research around BME progress and achievement
- Triple P in Bengali, Polish, Chinese, Oromiffa and Pashtu

The de-delegated sum also subsidises the Bilingual Assistant provision for schools and provides funding for leadership and professional development of the EMAS team. Bilingual assistants are available for: Albanian, Amharric, Arabic, Bengali, Cantonese, Dari, Farsi, Hungarian, Lithuanian, Mandarin, Oromia, Pashtu, Polish, Portuguese, Romanian, Russian, Slovakian, Thai, Turkish and Urdu.

EMAS is funded by a mix of de-delegated schools block DSG (£0.349m proposed for 2020/21) and schools buy back.

4.4 The third area to be considered is funding for **Free School Meals (FSM) eligibility checking service**.

The benefits of retaining the service centrally are as follows:

- Ensures that schools receive the correct levels of funding based on FSM eligibility (pupil premium)
- Ensures that data held by schools is accurate and matches that held at authority level which is essential for census returns.
- Assists in maintaining accurate data on the Impulse database which is used by many teams within the authority, enables access to FSM eligibility when used to consider other benefits e.g. free travel
- Provides consistent methods of application for all parents/carers across the city available online through the councils webpage or by a single paper form
- More efficient verification process as the LA is able to utilise an online checking system which links to the DWP and HMRC data. This is only available to LAs and not individual users (e.g. schools)
- Improved customer experience as paper proof of benefits are not required and phone/online applications can be made and we are able to investigate “false” results directly with HMRC and the DWP(via the ECS) and inform applicants as to why they may not be eligible or confirm eligibility via these resources
- Available 52 weeks per year
- The current method (utilising online checking) enables a parent/carer to make one application which if they continue to be in receipt of a qualifying benefit will remain for the whole of their school life
- The introduction of UIFSM from September 2014 requires the ability to be able to identify and distinguish between UIFSM eligibility and FSM eligibility and promote application the funding ensures that this can be communicated clearly to applicants.

Systems and procedures in place centrally have helped minimise the impact of the introduction of UIFSM and reduction in applications, thus maximising access to pupil premium funding for schools across the city.

The risks if schools retain budgets are as follows:

- The customer experience would be greatly reduced – paper proof of benefits would be required and application numbers may reduce as schools are not available throughout the year
- The benefits system is changing with the roll out of Universal Credit (UC) and confirmation of FSM eligibility for some claimant is complex. UC statements can only be viewed online by claimants this together with a new category of “Pending keep checking” returned by an online check, requires us to keep checking for up to 6 weeks whilst the UC is put in place or until it shows as a true/false result.
- Incorrect awards of FSM – individual interpretation of criteria
- Less accurate data at LA level
- Schools would need to provide verification of FSM status to support parental requests for transport assistance – significantly increasing the waiting time for parents/carers
- Increased administration at school level and lack of expert knowledge may impact on promotion of application especially as applications tend to be made at an already busy time of the academic year.

- 4.5 The fourth area to be considered is funding for **Insurance**. At present insurance cover for buildings, contents, liability and other miscellaneous insurances are arranged centrally by the Insurance Team. As well as ensuring that cover is adequate and appropriate for the school’s needs the Insurance Team provides day to day advice to schools and plays a large part in the administration and negotiation of claims.

The most obvious benefit of maintaining the current arrangement is one of cost effectiveness and value for money. By tendering all of the schools together, with the remainder of the council’s insurance requirements, lower premiums and less onerous terms can be achieved. Schools are traditionally viewed by insurers as high risk but by offering the remainder of the council’s property and liability risks at the same time this has the effect of tempering this risk as the insurance market will consider the risk presented to them as a whole.

Schools may face significant increases in premiums for property and liability insurance to reduce the current £100,000 excess on both property and liability claims to avoid having to find a large amount from their budget if a serious claim arises.

The schools also benefit from assistance and advice from the insurance team, who can liaise with insurers and the council’s insurance broker, where necessary, and ensure that any advice provided to schools reaches all appropriate staff and is consistent.

The risks in changing the current arrangements include higher premiums and more restrictive terms. Inappropriate covers may be arranged or gaps in cover may exist. Schools would probably need to secure the services of a broker to identify and arrange policies to meet their needs and claims would need to be negotiated direct with insurance companies or loss adjustors.

For Catholic schools, insurance for the building only, is not included as this is paid directly to each school following the diocese request to opt out of this element at a national level.

- 4.6 The fifth area to be considered is funding for **Staff Costs - supply cover (Union Duties/Jury service/Suspension)**, to ensure funding is available to give back to those schools who have teachers on Jury service, who have teacher union representatives at their school who do work for all school teachers and for those schools (Primary & Secondary) who may have a teacher that is suspended.
- 4.7 Whilst each of these could be delegated to schools on a pro rata basis, such individual funding is likely to be insufficient for schools to purchase an equivalent service. It may be in the future that groupings of schools will wish to explore their collective bargaining power in these areas but continuing with existing arrangements will ensure that provision is maintained and risks covered for all schools until any suitable alternatives can be determined.

5 Growth Fund £0.384m – part of Schools Block

- 5.1 As part of the new funding arrangements, the expectation of the Government is that the vast majority of the Schools Block will be delegated to schools through the local formula. However, the Schools Forum can make a decision to create a fund for significant pupil growth in order to support the Local Authority's duty for place planning (basic need), including pre-opening and diseconomy of scale costs, and agree the criteria for maintained schools and academies to access this fund. The Local Authority can appeal to the Secretary of State if the Schools Forum rejects its proposal. As in 2019/20, the LA is proposing to use the Growth Fund to recognise cases where schools are taking on additional forms of entry or extending the age range of pupils. The Schools Forum approved the central retention of the growth fund in 2019/20 (£0.494m) and the LA is seeking similar agreement for the coming financial year and in so doing recognise the additional accommodation being provided by secondary schools as the rise in pupil numbers makes its way into the secondary phase of education. The total budget provision required in the Growth Fund in 2020/21 is estimated to be £0.384m (as detailed in appendix 1). The growth fund will be ring-fenced so that it is only used for purposes of supporting growth in pupil numbers and will be for the benefit of both maintained schools and academies. This funding will be allocated directly to the individual schools affected.

6 Central School Services Block (CSSB)

- 6.1 For Exception 2 and Exception 3 items, the DfE will allow expenditure on these lines up to the total budgeted for in 2013/14, but no new commitments or additional expenditure will be permitted unless DfE approval is granted.
- 6.2 This block will contain the items previously considered under Exception 2, Exception 3, Copyright Licenses and Other Duties. The DfE will be using a national formula to calculate the CSSB, based on 90% pupil numbers and 10% deprivation, and then increased by the Greater Labour Market (GLM) Area Cost Adjustment (ACA), which is 1.00611 for Brighton & Hove.
- 6.3 The amount of funding previously in Exception 3 (Admissions, Termination of employment costs and Schools Forum) will be protected at £648k. However, some of the other allocations will reduce by 2.5% per year for 2020/21 until the national formula for the CSSB is in place.

- 6.4 Further details on the specifics of the operation of the CSSB for 2020/21 will be published in December 2019 with the final DSG information.

Total 2019/20 £k	Service	Central Services Schools Block £k	High Needs Block £k	Early Years Block £k	Total 2020/21 £k
33	Ex 2 – Combined Services – Legionella works	26	6	1	33
20	Ex 2 – Miscellaneous Expenditure – Headteacher Support	17	2	1	20
321	Ex 3 – School Admissions	315	5	1	321
252	Ex 3 – Termination of employment costs	223	22	7	252
40	Ex 3 – Schools Forum	32	6	2	40
148	Ex 4 – Copyright licenses as notified by DfE	150	0	0	150
219	Other Duties – Statutory and regulatory duties	219	0	0	219
112	Other Duties – Access for Education	112	0	0	112
149	Other Duties – Asset Management	149	0	0	149
1,294	Total Central School Services Block	1,243	41	12	1,296

6.5 Copyright Licenses – previously Exception 4 – as determined by the DfE

- 6.6 The DfE has agreed with the Copyright Licensing Agency (CLA), the Schools Printed Music License (SPML), the Newspaper Licensing Agency media access (NLA) licence, the Educational Recording Agency (ERA), the Public Video Screening Licence (PVSL) and Motion Picture Licensing Company (MPLC) licences, the Performing Right Society for Music (PRS), the Phonographic Performance Ltd. (PPL), the Mechanical Copyright Protection Society (MCPS) and the Christian Copyright Licensing International (CCLI), to purchase a single national licence managed by the DfE for all state-funded schools and academies in England. An additional exception has been defined by the DfE relating to these licences. This is estimated to be £0.150m for Brighton and Hove. .

6.7 Other Duties

- 6.8 The funding for Other Duties was transferred into the DSG in 2017/18 in relation to the funding previously allocated to the Local Authority for retained duties for all pupils. In 2018/19 the schools forum agreed for the Local Authority to retain the funding.

This provides support to all schools in the following areas:

Statutory and regulatory duties

- Planning for the education service as a whole.
- Authorisation and monitoring of expenditure not met from schools' budget shares.
- Internal audit and other tasks related to the authorities chief finance officer's responsibilities under Section 151 of the LGA 1972 except duties specifically related to maintained schools.
- Consultation costs relating to non-staffing issues.
- Plans involving collaboration with other LA services or public or voluntary bodies

- Provision of information to or at the request of the Crown other than relating specifically to maintained schools.

Access for Education

- Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils.
- School attendance including Children Missing Education.
- Responsibilities regarding the employment of children.

Asset Management

- Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions
- General landlord duties for all buildings owned by the local authority, including those leased to academies

- 6.9 The DfE has stated that there is an expectation that Schools Forum will recognise the ongoing costs of local authority central functions and this is why these items have been included within the CSSB.

7. Overall DSG 2020/21

7.1 This table provides a summary of the provisional 2020/21 DSG allocation and details how the LA is proposing to apply this between the funding blocks.

	Schools Block	Central Services Schools Block	High Needs Block	Early Years Block	Total 2020/21
	£k	£k	£k	£k	£k
Exception One	1,210	0	0	0	1,210
Growth Fund	384	0	0	0	384
Central Services Schools Block	0	1,243	41	12	1,296
	1,594	1,243	41	12	2,890
Funding available in HNB & EYB	0	0	25,198	15,836	41,034
Post de-delegation funding to schools	133,899	0	0	0	133,899
Total Blocks (to be applied)	135,493	1,243	25,239	15,848	177,823
DfE Blocks (estimated)	134,209	2,629	25,149	15,836	177,823
Difference	1,284	(1,386)	90	12	0
A. Exceptions DfE have in the CSSB rather than the HNB or EYB	0	(53)	41	12	0
B. Delegation of Equal Pay £1.000m, BHISS £0.199m and Broadband £0.134m	1,284	(1,333)	49	0	0

The schools block will be updated to reflect the October 2019 census information later this year.

At this stage, DfE has not published initial estimates for the 2020/21 schools, high needs and early years blocks. Further information is expected at the end of the autumn term for 2020/21 final DSG.

The changes that have been made to the presentation of the blocks (shown above) when compared to the DfE allocations are:

- A) Redistribution of exceptions across appropriate blocks
- B) Delegation of Equal Pay, BHISS and Broadband funding in 2019/20

7.2 The overall summary of the 2020/21 DSG including the estimated adjustment for Academy recoupment is shown in the table below:

	Schools	Central Schools	High Needs	Early Years	Total DSG
Total DSG – as above (£m)	135.493	1.243	25.239	15.848	177.823
Proposed split of 2020/21 DSG (%)	76.20	0.70	14.19	8.91	100.00
Adjustments:					
Academy Recoupment – BACA (£m)	(3.990)	0.000	0.000	0.000	(3.990)
Academy Recoupment – PACA (£m)	(3.537)	0.000	0.000	0.000	(3.537)
Academy Recoupment – City Academy Whitehawk (£m)	(1.826)	0.000	0.000	0.000	(1.826)
Free School Recoupment – Kings School (£m)	(2.663)	0.000	0.000	0.000	(2.663)
Free School Recoupment – Bilingual Free School (£m)	(1.732)	0.000	0.000	0.000	(1.732)
Total estimated Academy Recoupment (£m)	(13.748)	0.000	0.000	0.000	(13.748)
Updated split of 2020/21 DSG – October 19 Forum (£m)	121.745	1.243	25.239	15.848	164.075
Updated split of 2020/21 DSG (%)	74.20	0.76	15.38	9.66	100.00

Academies and free schools for 2020/21 – recoupment academies are BACA, PACA, Kings School, Bilingual Free School & City Academy Whitehawk (CAW).

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<https://www.gov.uk/government/consultations/financial-transparency-of-la-maintained-schools-and-academy-trusts>

<https://consult.education.gov.uk/funding-policy-unit/financial-transparency-of-local-authority-mainta/>

https://consult.education.gov.uk/funding-policy-unit/financial-transparency-of-local-authority-mainta/supporting_documents/LA%20Financial%20Transparency%20Consulation.pdf

3. Proposed new financial transparency measures

3.1 This chapter sets out proposals for what we might do to strengthen current maintained school financial transparency arrangements by bringing them more closely in line with the arrangements for academies.

3.2 Issue 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections

Background:

3.3 Local authorities, and maintained schools, are obliged to complete the following assurance returns and financial collections:

- Schools Financial Value Standard
- Dedicated Schools Grant

3.4 **Schools Financial Value Standard:** Schools complete the standard at the end of the financial year, with LAs submitting a signed Chief Financial Officer (CFO) statement of assurance to the department to show the number of schools that complied with the standard. For the financial year 2017 to 2018 0.20% of schools (29 out of 14,395) failed to complete/submit the SFVS. The 29 schools were across 11 LAs.

3.5 The Directed Revisions made in 2012 to the Schemes for Financing Schools make it a mandatory requirement for all LA maintained schools to complete the SFVS assessment form, other than in agreed exceptional cases – for example when a school is about to convert to academy status.

3.6 **Dedicated Schools Grant:** We require local authorities to provide an annual Dedicated Schools Grant (DSG) assurance statement signed by the chief financial officer (CFO). This is a key statement that forms part of our overall management of the DSG. The assurance statements are issued on the 31st July to coincide with the closing and publishing of LA accounts. However, 32 LAs for the 2017-18 collection failed to submit their assurance statement before the deadline of 14th September due to late internal audit.

3.7 In addition to the assurance statements above, we think that we should consider compliance over a range of other annual returns to more closely replicate the ESFA approach to academy trusts. This would include the statutory funding returns such as:

- Section 251 Budget/Outturn
- Consistent Financial Reporting

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3.8 We have reviewed the approach to late returns that the ESFA has adopted this year for the academy sector, whereby they publish (on GOV.UK) the names of trusts who are late in submitting more than 2 out of 4 annual returns.

3.9 We have considered whether it would be appropriate to publish the name of schools that failed to comply with the SFVS without a good reason. As local authorities are the accountable body for maintained schools, however, we think it would be more appropriate to consider publishing compliance data at a local authority rather than school level.

Proposal 1:

3.10 Following the same principle as with academy trusts, if a local authority fails to comply with more than two deadlines from the following collections, we propose to publish the name of the local authority on GOV.UK:

- School Financial Value Standard (SFVS)
- Dedicated Schools Grant CFO assurance statement
- Consistent Financial Reporting
- Section 251 Budget
- Section 251 Outturn

This should not involve any cost burden to local authorities.

3.11 Issue 2: Strengthening DSG annual assurance returns

Background:

3.12 Local authorities can withdraw delegation from schools for financial reasons or issue a notice of financial concern. We do not currently collect this information. The department publishes notices of financial concern it issues to academies on the gov.uk website. It would be possible to require local authorities to publish equivalent information on their websites; however, we cannot mandate the format or structure of local authority websites and in practice it would not therefore be particularly easy for the public to find the information.

3.13 Currently, local authorities recover funds from fraud investigations but only publish the number and value of reported cases, not the value of money recovered.

Proposal 2a:

3.14 We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year. This will enable the Department to devote further support to authorities that report a high number of suspended delegations or notices of financial concern.

Proposal 2b:

3.15 We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud. Monies recovered from fraud reported in different financial years would be reflected in the statement. The Department would analyse responses and request further details

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from local authorities that reported the highest incidence/value of fraud. Further details would include the nature of the case, including the steps the LA has put in place to prevent further misuse of the DSG. We would also challenge those that we think have not made sufficient efforts to recover the DSG.

We do not think that these small additions to the DSG assurance statement would place any significant cost burdens on local authorities.

3.16 Issue 3: Maintained schools are not required to provide local authorities with 3-year budget forecasts

Background:

3.17 Local authorities are required to maintain schemes for financing schools, which set out the financial relationship they have with their maintained schools. These cover areas such as the submission of budget plans, loans and deficits, and procurement rules. We publish statutory guidance which authorities must have regard to when determining or revising their schemes. We can only require them to incorporate specific wording, however, by making a directed revision.

3.18 The scheme guidance currently allows authorities to require multi-year budget plans from maintained schools. Some already do so, and others provide modelling software as part of their traded finance service; schools should in any case be making their own plans over several years.

3.19 We have recently introduced a requirement for academies to send us a three-year budget plan and we propose to extend the requirement to maintained schools in the form of sending a three-year budget plan to their maintaining authority.

3.20 We understand that schools will not have complete information on future levels of funding. This is no different to other parts of the public sector, however, and schools should plan on a range of scenarios. For example, it is usually the case that changes in pupil numbers have a greater effect on budgets than changes in overall levels of per pupil funding, and schools should therefore be considering the range of likely changes to their intake in future years and planning accordingly.

Proposal 3:

3.21 We are proposing a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts. Whilst this might take maintained schools slightly longer to complete than a single year forecast we believe that any costs associated with this would be more than recouped by enabling LAs to have early sight of emerging financial issues, enabling preventive action which is almost always less costly than remedial action.

3.22 Issue 4: Strengthening Related Party Transaction arrangements in maintained schools

Background:

3.23 Academy trusts must report all Related Party Transactions (RPTs) to ESFA in advance of the transaction taking place, using ESFA's on-line form. This requirement applies to transactions made on or after 1 April 2019. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 must be declared. These changes avoid unnecessary administrative burdens to the sector whilst strengthening accountability and transparency. Any transactions with related parties, over a de minimis level, must be "at cost" (i.e. must not involve any element of profit).

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Respond by: 30 September 2019

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3.24 The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts. The 2019-20 version of SFVS contains only two specific questions in relation to RPTs, so we believe that it would be appropriate to strengthen the arrangements to bring them more in line with what is asked of academy trusts.

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Proposal 4:

3.25 We are making a number of alternative proposals for comment that could be added separately or introduced in combination with each other.

Proposal 4a: Making schools append a list of RPTs to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can then be passed on to the department

3.26 This option is the least resource intensive for both schools and authorities, as the SFVS must be discussed and agreed by the Governing Body, so there should be little additional burden if a list of RPTs was attached to the completed SFVS. The local authority would then be in a position to analyse the RPTs submitted across all maintained schools, using this information to determine audit requirements.

3.27 We propose also to insert additional columns into the SFVS CFO Assurance Statement to request the number of RPTs and value for each.

Proposal 4b: Making a directed revision to the statutory Scheme for Financing Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.

3.28 An alternative reporting option would be to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority. The benefit of this option would be that local authorities would have immediate visibility of the RPTs as soon as they had been agreed, though it would be more difficult for authorities to police than if it was in the SFVS, which is an annual return with a set reporting deadline.

Proposal 4c: Making a directed revision to the statutory Scheme for Financing Schools to require schools to seek permission from the local authority to enter into RPTs above a certain amount.

3.29 Academies now have to gain approval from the department for RPTs above £20,000. To mirror this for maintained schools, we would amend schemes to require schools to seek permission from the authority to enter into RPTs above a threshold.

3.30 Issue 5: Maintained Schools internal audit is too infrequent

Background:

3.31 Schools are within the overall audit arrangements determined by the local authority's statutory section 151 officer (CFO). Authorities operate internal audit teams whose work is then relied on by their external auditors. Most audit plans use a risk-based approach with some themed audits.

3.32 We have learned in discussion with local authorities that the cycles for auditing-maintained schools vary a great deal and, in some cases, have fallen into disuse. Consequently, we think there is a case for action.

3.33 We would prescribe a minimum frequency of audit visits by making a directed revision to the scheme guidance.

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Proposal 5:

3.34 Making a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.

3.35 Issue 6: Strengthening arrangements to help schools that are in financial difficulty

Background:

3.36 The scheme for financing schools includes a requirement for schools to manage their resources effectively to maximise pupil outcomes. LAs are also required to have a deficit and a surplus policy within their scheme for financing schools and monitor their schools' compliance with these. Across the LA schemes, there is a variance in the levels of deficit that trigger the submission of a recovery plan to LAs. There is currently no requirement for LAs to report to the department their actions to address financial difficulty and effective resource management in specific schools. We consider that this evidence base would help us to increase visibility of best practice across the whole schools sector, highlight any inconsistencies in LAs' approach and target additional support from the department. The department's monitoring of schools' financial health to date has included approaching LAs directly to find out more about their approach to managing schools' financial health. Since the end of 2018 we have also offered LAs the support of a school resource management adviser where they agree that this would help them to support or challenge schools. We have not specified thresholds of deficit that would lead to contact with the department. To ensure we work consistently with LAs, we consider that it would be helpful to clearly communicate to authorities a more structured approach at the beginning of the year.

Proposal 6:

3.37 To strengthen the arrangements to help schools in financial difficulty we propose that we should introduce the following measures, either separately or in combination:

Proposal 6a: Make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their revenue deficit rises above 5%.

Proposal 6b: Collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.

Proposal 6c: Formalise the approach to working with LAs and include a request for high level action plans from some LAs:

- **Data-sharing and monitoring:** share published data on the school balances in each LA - highlighting the number and proportion with a revenue deficit of over 5% - and the available support from the department.

Share published data with LAs on their schools' financial, educational performance and pupil/school characteristics.

Timing: after publication of Consistent Financial Reporting (CFR) data

- **Targeted monitoring and support:** use of the above data and evidence-based requests for help from LAs to ensure support is focused where it is most needed (including school resource management advice) and challenge from the department where it is needed most.

Launch date: 17 July 2019

Respond by: 30 September 2019

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Timing – throughout the year

- **Action plan and increased monitoring:** Request high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. We would review the thresholds each year, but an example might be LAs that had more than 10 schools or more than 10% of their schools with revenue deficits of over 5% in the previous year. We would consider contextual information - such as the school balances in the LAs in previous years - when deciding the LA action plans required.

Timing: after publication of CFR data

3.38 Issue 7: There is not enough transparency when it comes to reporting high pay for school staff

Background:

3.39 Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Salary ranges within the national pay framework are published annually in the School Teachers Pay and Conditions Document – these apply to teachers and leaders in maintained schools and we know that the majority of academies tend to mirror these arrangements. Information on individual leadership salaries is collected annually through the School Workforce Census and a national summary of salaries is published in the annual statistical release – however, the individual salary information is collected through the census on the understanding that it is not published at an individual level.

3.40 Academy trusts must disclose in their published financial statements information about each individual earning over £100k - specifically (i) their total FTE salary in £10k bandings, e.g. £100k - £110k, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management leadership.

Proposal 7:

3.41 We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals earning over £100K in £10K bandings.

3.42 Issue 8: There is not enough transparency when it comes to reporting maintained school income and expenditure

Background:

3.43 Local authority school accounts are part of the local authority statements of accounts that are published at a gross level for income and expenditure. .

3.44 While individual schools are not included on the LA balance sheet, individual maintained schools are required to produce annual income and expenditure statements, known as Consistent Financial Reporting (CFR), or else local authorities produce them on the schools' behalf. The department publishes all the information from CFR in a spreadsheet, but we believe it would add significantly to transparency if there were a requirement for individual schools to publish annually on their websites their latest CFR statements.

Proposal: 8:

3.45 We propose that all LA maintained schools should be required to publish annually on their website their latest Consistent Financial Reporting statement of income, expenditure and balances.

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Respond by: 30 September 2019

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Response Questions

Proposal 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections

Please refer to **paragraphs 3.2 - 3.10** of the consultation document before responding to this proposal.

Local authorities, and maintained schools, are obliged to complete the following assurance returns and financial collections:

- Schools Financial Value Standard
- Dedicated Schools Grant

We have reviewed the approach to late returns that the ESFA has adopted this year for the academy sector, whereby they publish (on GOV.UK) the names of trusts who are late in submitting more than 2 out of 4 annual returns and believe similar measures could be used in the LA maintained schools sector.

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to publish the names of local authorities on GOV.UK who fail to comply in any financial year with more than two deadlines from the following collections:</p> <ul style="list-style-type: none"> • School Financial Value Standard (SFVS) • Dedicated Schools Grant CFO assurance statement • Consistent Financial Reporting • Section 251 Budget • Section 251 Outturn 			✓
<p>Comments</p> <p>Reasonable approach – no real issues</p> <p>Unsure of the value of “naming and shaming”</p> <p>Which deadlines – the ones for the initial response or once all follow ups have been finalised – for example for the Section 251 Budget and Outturn statements there are always a lot of follow up and checking data before the information is “released”</p>			

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Proposal 2a: Strengthening DSG annual assurance returns: Collecting the number of schools with suspended budgets and notices of financial concern through existing DSG assurance statement

Please refer to **paragraphs 3.11 - 3.14** of the consultation document before responding to this proposal.

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year.	✓		
Comments Reasonable approach – no real issues We have not issued any of these over the past 5 years Need information from Governor Support if the LA has “Suspend a governing body and appoint an Interim Executive Board”			

Proposal 2b: Strengthening DSG annual assurance returns: Adding a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud

Please refer to **paragraphs 3.11 - 3.15** of the consultation document before responding to this proposal.

Currently, local authorities recover funds from fraud investigations but only inform DfE of the number and value of reported cases, not the value of money recovered

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud.	✓		
Comments Reasonable approach – no real issues Audits response - Recording amounts recovered from fraud in schools in the return could be provided but would probably not add value. The time delay from the date a fraud was discovered to any recovery is a factor and is dependent on legal processes that Councils have little or no control over.			

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Proposal 3: Requiring maintained schools to provide local authorities with 3-year budget forecasts

Please refer to **paragraphs 3.16 – 3.21** of the consultation document before responding to this proposal.

Local authorities are required to maintain schemes for financing schools, which set out the financial relationship they have with their maintained schools. We have recently introduced a requirement for academies to send the department a three-year budget plan and we believe that this could be extended to maintained schools in the form of sending a three-year budget plan to their maintained authority.

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts.	✓		
Comments We have asked schools for 3 year budgets for some time, however the real issue is predicting what the future funding will be from DfE/government, so the real question is will we/schools be provided with multi-year budget information in order to make their budget forecasts meaningful.			

Proposals 4 (a,b,c): Strengthening Related Party Transaction arrangements in maintained schools:

Please refer to **paragraphs 3.22 – 3.29** of the consultation document before responding to these proposals. The three proposals are alternatives to one another.

Academy trusts must report all Related Party Transactions (RPTs) to ESFA in advance of the transaction taking place, using ESFA’s on-line form. This requirement applies to transactions made on or after 1 April 2019. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 must be declared. The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts.

Proposal 4a: : Making schools append a list of RPTs to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can be passed on to the department

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make schools append a list of RPTs to their response to the new question in the SFVS about their arrangements for managing RPTs. In addition, we would insert additional columns into the CFO Assurance			✓

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Statement, to request the number of RPTs and value for each to be disclosed.			
Comments Reasonable approach – no real issues			

Proposal 4b: Making a directed revision to the statutory Scheme for Financing Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.			✓
Comments What mechanism would need to be in place for reporting and recording these within the team – time implications for both the schools and the LA – difficult to gauge implications both in terms of cost and time			

Proposal 4c: Making a directed revision to the statutory Scheme for Financing Schools to require schools to seek permission from the local authority to enter into RPTs above a certain amount.

Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to amend schemes to require schools to seek permission from the authority to enter RPTs above a threshold.		✓	
Comments As financial authority has been delegated to the governing bodies it should be for them to decide upon the appropriateness What mechanism would need to be in place for seeking permission to enter into these agreements within the team – time implications for both the schools and the LA – difficult to gauge implications both in terms of cost and time Would they actually know or follow advice given?			

Proposal 5: Requiring maintained schools to be subject to internal audit at least every 3 years

Please refer to **paragraphs 3.30 – 3.34** of the consultation document before responding to this proposal.

Schools are within the overall audit arrangements determined by the local authority's statutory section 151 officer (CFO). Authorities operate internal audit teams whose work is then relied on by their external

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auditors. Most audit plans use a risk-based approach with some themed audits. We have learned in discussion with local authorities that the cycles for auditing-maintained schools vary a great deal and, in some cases, have fallen into disuse. Consequently, we think there is a case for action.

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.			✓
Comments Audit's response is We would generally support an initiative to address this issue but Internal Audit would be unable to resource this requirement under existing funding arrangements. Any requirement to increase the number of school audit visits would require additional funding. If the resources were not sufficient to match the requirements it is likely that the quality of school audit reviews and the assurance they provide would be diminished. If the proposal is agreed it may be more realistic for all maintained schools to be audited on a 5 year cycle rather than a 3 year one.			

Proposals 6 (a,b,c): Strengthening arrangements to help schools that are in financial difficulty:

Please refer to **paragraphs 3.35 – 3.37** of the consultation document before responding to these proposals. These proposals are additive, and we could implement all three together.

There is currently no requirement for local authorities to report to the department their plans for addressing financial difficulty in specific schools. Local authorities include both a deficit and surplus policy within their scheme for financing schools and monitor their schools' compliance with these. We have not previously collected information from authorities on the number of schools they intervene in but consider that this evidence base would help us to understand any variances in the level of support provided and target additional support from the Department.

Proposal 6a: Requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.			✓
Comments 5% of what – formula budget, NFF formula budget Schools should submit a recovery plan whenever they go into deficit – is the DfE saying it's OK to			

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have a deficit of up to 5%

Proposal 6b: Collecting information on the number of recovery plans in each LA through DSG annual assurance returns from the CFO

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.	✓		
Comments Reasonable approach – no real issues, as we already hold this information.			

Proposal 6c: Writing to local authorities each year when the end-year data is published, specifying the threshold of deficit that would trigger contact with the Department

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose to formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by: <ul style="list-style-type: none"> • Sharing published data on the school balances in each LA • Use this data and evidence-based requests from LAs to ensure support is focused where it is needed • Request high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. 			✓
Comments DfE to define “when end-year data is published” is this by the LA reporting to schools forums or from CFR returns submitted and published at an unspecified date? Reasonable approach – there will be issues as to how this would be resourced Is the DfE talking about SRMA’s Define “revenue deficits over 5% is above a certain level”			

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Proposal 7: Increasing transparency in the reporting of high pay for school staff

Please refer to **paragraphs 3.38 – 3.41** of the consultation document before responding to this proposal.

Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Salary ranges within the national pay framework are published annually in the School Teachers Pay and Conditions Document – these apply to teachers and leaders in maintained schools.

Academy trusts must disclose in their published financial statements information about each individual earning over £100k - specifically (i) their total FTE salary in £10k bandings, e.g. £100k - £110k, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management leadership. We believe that this measure should be introduced for LA maintained schools and would require them to publish annually on their websites the number of individuals earning over £100K in £10K bandings.

1) Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings	✓		
Comments Reasonable approach – no real issues – similar to what the council does in the statement of accounts For individual schools this will be about Secondary schools publishing data and would need specific guidance about what to publish, when and where this should be on their websites			

Proposal 8: Increasing transparency in reporting maintained school income and expenditure

Please refer to **paragraphs 3.42 – 3.45** of the consultation document before responding to this proposal.

Local authority school accounts are part of the local authority statements of accounts that are published at gross level for income and expenditure. While individual schools are not included on the LA balance sheet, individual maintained schools are required to produce annual income and expenditure statements, known as Consistent Financial Reporting (CFR), or else local authorities produce them on the schools' behalf. The department publishes all the information from CFR in a spreadsheet but we believe it would add significantly to transparency if there were a requirement for individual schools to publish annually on their websites their latest CFR statements.

Please indicate whether you agree or disagree with the proposal below. Please Tick (✓)

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained			✓

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schools should be required to publish annually on their websites their latest Consistent Financial Reporting statement of income, expenditure and balances.			
<p>Comments</p> <p>Reasonable approach – however what format should this be done in (PDF etc.), do they just put a link to the relevant GOV website, etc.?</p> <p>Improvements are needed to the CFR report from FMS or from the GOV website – also what timescales are there for this – cost and time implications for the LA and schools</p>			

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New financial burdens on local authorities

Local authorities are invited to fill in the table below to indicate and quantify any new burdens they believe would arise from the proposals in this document. Please specify in as much detail as possible what costs you believe would arise and provide figures.

Proposal	Yes/No	Details and quantification of cost
2a	No	Minimal time implications
2b	No	Minimal time implications
3	No	Minimal time implications
4a	No	Minimal time implications
4b	Yes	Difficult to quantify
4c	Yes	Difficult to quantify depending on number of requests
5	Yes	£40k per year if the audit cycle was moved to every 3 years. If it was a cycle of 5 years the cost per year would reduce to £18k. We are currently delivering 6 school audits a year, on a cycle of around 10 years.
6a	No	Minimal time implications
6b	No	Minimal time implications
Other proposals (please specify)	Item 7	LA to provide information to schools where the LA payroll and/or HR service is used?
	Item 8	If the LA produces the CFR information for the school as part of their paid for service then there will be a cost implication for the LA and thus schools for providing the information

Additional costs for schools

Respondents are invited to fill in the table below to indicate and quantify any additional costs they believe would arise for schools from the proposals in this document. Please specify in as much detail as possible what costs you believe would arise and provide figures.

Proposal	Yes/No	Details and quantification of cost
3	No	Minimal time implications
4a	No	Minimal time implications
4b	Yes	Difficult to quantify
4c	Yes	Difficult to quantify depending on number of requests
5	Yes	Time implications for the actual audit
6a	No	Minimal time implications
7	Yes	Minimal time implications
8	Yes	Depends on who produces the CFR information for the school
Other proposals (please specify)	Items 7 & 8	Updating school websites may be by an external provider and could lead to an increase in costs