

Cabinet

Wednesday 23 January 2019

10.00 am Library Meeting Room - Taunton



To: The Members of the Cabinet

Cllr M Chilcott (Vice-Chair), Cllr D Fothergill (Chairman), Cllr D Hall, Cllr D Huxtable, Cllr C Lawrence, Cllr F Nicholson, Cllr F Purbrick and Cllr J Woodman

All Somerset County Council Members are invited to attend meetings of the Cabinet and Scrutiny Committees.

Issued By Scott Wooldridge, Strategic Manager - Governance and Risk and Monitoring Officer
- 15 January 2019

For further information about the meeting, please contact Michael Bryant or Scott Wooldridge or 01823 357628 democraticservices@somerset.gov.uk

Guidance about procedures at the meeting follows the printed agenda.

This meeting will be open to the public and press, subject to the passing of any resolution under Regulation 4 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

This agenda and the attached reports and background papers are available on request prior to the meeting in large print, Braille, audio tape & disc and can be translated into different languages. They can also be accessed via the council's website on www.somerset.gov.uk/agendasandpapers



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AGENDA

Item Cabinet - 10.00 am Wednesday 23 January 2019

**** Public Guidance notes contained in agenda annexe ****

1 **Apologies for Absence**

2 **Declarations of Interest**

Details of Cabinet Member interests in District, Town and Parish Councils will be displayed in the meeting room. The Statutory Register of Member's Interests can be inspected via the Community Governance team.

3 **Minutes from the meeting held on 19 December 2018** (Pages 5 - 14)

4 **Public Question Time**

The Chair will allow members of the public to present a petition on any matter within the Cabinet's remit. Questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

5 **Proposed Capital Investment Programme 2019/20** (Pages 15 - 28)

To consider this report

6 **Revenue Budget Monitoring Update** (Pages 29 - 42)

To consider this report

7 **National Funding Formula for Schools and High Needs 2019/20** (Pages 43 - 80)

To consider this report

8 **Admission Arrangements for Voluntary Controlled and Community Schools for 2020/21** (Pages 81 - 84)

To consider this report

9 **Any other urgent items of business**

The Chair may raise any items of urgent business.

Agenda Annexe

THE MEETING – GUIDANCE NOTES

1 Inspection of Papers or Statutory Register of Member's Interests

Any person wishing to inspect reports or the background papers for any item on the agenda or inspect the Register of Member's Interests should contact Scott Wooldridge or Mike Bryant on (01823) 359048 or 357628 or email mbryant@somerset.gov.uk

2 Notes of the Meeting

Details of the issues discussed and decisions taken at the meeting will be set out in the Minutes, which the Cabinet will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions taken can be obtained from Scott Wooldridge or Mike Bryant on (01823) 357628 or 359048 or email mbryant@somerset.gov.uk

3 Public Question Time

At the Chair's invitation you may ask questions and/or make statements or comments about **any matter on the Cabinet's agenda**. You may also present a petition on any matter within the Cabinet's remit. **The length of public question time will be no more than 30 minutes in total.**

A slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been signed. However, questions or statements about any matter on the agenda for this meeting may be taken at the time when each matter is considered.

If you wish to speak at the meeting or submit a petition then you will need to submit your statement or question in writing to Mike Bryant by 5.00pm three clear working days before the meeting. You can send an email to mbryant@somerset.gov.uk or send post to Community Governance, County Hall, Taunton, TA1 4DY.

You must direct your questions and comments through the Chair. You may not take direct part in the debate.

The Chair will decide when public participation is to finish.

If there are many people present at the meeting for one particular item, the Chair may adjourn the meeting to allow views to be expressed more freely.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

An issue will not be deferred because you cannot be present at the meeting.

Remember that the amount of time you speak will be restricted normally to two minutes only.

4 Hearing Aid Loop System

To assist hearing aid users, the Luttrell Room has an infra-red audio transmission system. This works in conjunction with a hearing aid in the T position, but we also need to provide you with a small personal receiver. Please request one from the Committee Administrator and return at the end of the meeting.

5 Emergency Evacuation Procedure

In the event of the fire alarm sounding, members of the public are requested to leave the building via the signposted emergency exit, and proceed to the collection area outside Shire Hall. Officers and Members will be on hand to assist.

6 Cabinet Forward Plan

The latest published version of the Forward Plan is available for public inspection at County Hall or on the County Council web site at:
<http://www.somerset.gov.uk/irj/public/council/futureplans/futureplan?rid=/guid/505e09a3-cd9b-2c10-89a0-b262ef879920>.

Alternatively, copies can be obtained by telephoning (01823) 359027 or 357628.

7 Excluding the Press and Public for part of the meeting

There may occasionally be items on the agenda that cannot be debated in public for legal reasons (such as those involving confidential and exempt information) and these will be highlighted in the Forward Plan. In those circumstances, the public and press will be asked to leave the room while the Cabinet goes into Private Session.

8 Recording of meetings

The Council supports the principles of openness and transparency, it allows filming, recording and taking photographs at its meetings that are open to the public providing it is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings and a designated area will be provided for anyone who wishing to film part or all of the proceedings. No filming or recording will take place when the press and public are excluded for that part of the meeting. As a matter of courtesy to the public, anyone wishing to film or record proceedings is asked to provide reasonable notice to the Committee Administrator so that the relevant Chair can inform those present at the start of the meeting.

We would ask that, as far as possible, members of the public aren't filmed unless they are playing an active role such as speaking within a meeting and there may be occasions when speaking members of the public request not to be filmed.

The Council will be undertaking audio recording of some of its meetings in County Hall as part of its investigation into a business case for the recording and potential webcasting of meetings in the future.

A copy of the Council's Recording of Meetings Protocol should be on display at the meeting for inspection, alternatively contact the Committee Administrator for the meeting in advance.

THE CABINET

Minutes of a Meeting of the Cabinet held in the Library Meeting Room,
Taunton Library, on Wednesday 19 December 2018 at 10.00am.

PRESENT

Cllr D Fothergill (in the Chair)

Cllr M Chilcott
Cllr D Hall
Cllr D Huxtable
Cllr C Lawrence
Cllr F Nicholson
Cllr F Purbrick
Cllr J Woodman

Junior Cabinet members:
Cllr M Pullin

Other Members present: Cllr S Coles, Cllr H Davies, Cllr L Leyshon, Cllr J Lock,
Cllr L Redman, Cllr B Revans, Cllr T Munt, Cllr A Wedderkopp

Apologies for absence: Cllr G Fraschini

151 **DECLARATIONS OF INTEREST** – agenda item 2

Members of the Cabinet declared the following personal interests in their capacity as a Member of a District, City/Town or Parish Council:

Cllr M Chilcott – West Somerset District Council
Cllr M Pullin – Mendip District Council
Cllr F Purbrick – Yeovil Town Council
Cllr John Woodman – Sedgemoor District Council

152 **Minutes of the meetings of the Cabinet held on 5 November 2018 and 19 November 2018** - agenda item 3

The Cabinet agreed the minutes and the Chair signed these as a correct record of the proceedings.

153 **Public Question Time (PQT)** – agenda item 4

The Leader of the Council, Cllr David Fothergill noted that public questions would be considered as a part of the relevant agenda item.

154 **Revenue Budget Monitoring – Month 7** - agenda item 5

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report and made a number of points including: the reduced overspend; the savings proposals agreed in September 2018; that 95% of the agreed savings proposals were on-track to be delivered; and likely further improvements in quarter 3.

The Cabinet heard from Nigel Behan who raised a number of questions

regarding the revenue budget monitoring update with particular reference to earmarked negative reserves and the Medium Term Financial Strategy 2019-2022.

The Cabinet proceeded to debate the report, points raised included: the potential financial implications of the upcoming winter period; confidence that savings could be achieved; and additional government funding.

The Cabinet Member for Resources, Cllr Mandy Chilcott and the Interim Director of Finance, Peter Lewis responded to the points raised in debate, noting: the budget included £3.3m of contingency funding; the increasing confidence levels attached to each savings proposal; the additional £2.5m of Adult Social Care Funding; and the recently announced highways capital funding.

The Director of Adult Social Care, Stephen Chandler expressed his thanks to Somerset Care for taking over the support contracts previously managed by Allied Healthcare. The Leader of the Council added his thanks, noting that he would be writing to Allied Healthcare.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: the early retirement of Discovery staff; public awareness of the Discovery operating surplus; compensating for undeliverable savings proposals; access to the 'change record' detailing savings which could not be delivered and the alternative proposals identified; and work to recruit a permanent replacement for the Interim Director of Finance.

The Interim Director of Finance, Peter Lewis, responded to the points raised highlighting that: savings owners are responsible for identifying alternative proposals in the event of non-delivery; and that amendments to any proposals requires the Chief Executives approval.

The Leader of the Council, Cllr David Fothergill, summarised the points raised noting the Council's improved financial situation and the difficult decisions which have had to be taken. The Leader of the Council further thanked officers for their work.

Following consideration of the officer report and discussion the Cabinet:

- 1. commented upon the contents of this report and requested that the Senior Leadership Team continues to undertake further action to ensure that the projected overspend is reduced;**
- 2. noted the contents of this report.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report noting: the projected balanced outturn for the 2018/19 financial year; the plan to address the Council's budget issues; work to re-base budgets across the whole Council; and the development of savings proposals for the 2019/20 financial year.

The Cabinet proceeded to debate the report, points raised included: reductions in the Adult Social Care budget, and how this was helping other parts of the Council; work to re-base Children's Services budgets; recognising that the Council's annual budget is currently £338m; the importance of training and further education; and the Business Rate retention pilot.

The Cabinet Member for Resources, Cllr Mandy Chilcott and the Interim Director of Finance, Peter Lewis, responded to the points raised, noting: the importance of the Council appropriately apportioning its available budget; the encouraging announcements from the DfE regarding funding; the application to the Secretary of State to move monies between 'funding blocks'; and the importance of the Comprehensive Spending Review.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: reductions to the Adult Social Care budget; ensuring preventative services are protected; the increased demand for dementia services; plans for the Young Carers Service; and County Ticket pricing, and the associated impact on the number of tickets sold.

The Chief Executive, Patrick Flaherty, the Cabinet Member for Children and Families, Cllr Frances Nicholson; and the Cabinet Member for Adult Social Care, Cllr David Huxtable responded to the points raised, noting: changes to well regarded models of care; the importance of preventative activity; the withdrawal of the young carers savings proposal for 6 months to allow the best support model to be developed within the limits of the available budget; and the importance of promoting independence.

Following consideration of the officer report the Cabinet :

- 1. commented upon the contents of this report and requested that the Senior Leadership Team continues to undertake further action to ensure that the projected overspend is reduced;**
- 2. noted the contents of this report.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

The Cabinet Member for Education and Transformation, Cllr Faye Purbrick introduced the report, noting: the rapid population growth in the local area; the proposed expansion would meet secondary place need in Taunton until September 2022; the additional primary school places were already available; and that the Council had been recognised by the Department for Education as a cost-effective school builder.

The Director of Children's Services, Julian Wooster, thanked the school for engaging with the expansion project.

The Cabinet heard from Kerry Tonkin, the Headteacher at Bishop Fox's School who noted: the support from the School Governing Body; and that the school was fully behind the application.

The Cabinet proceeded to debate the report, points raised included: the importance of keeping within the agreed costs; and requesting financial support from central government to build new schools.

The Director of Children's Services, Julian Wooster, and the Cabinet Member for Education and Transformation, Cllr Faye Purbrick responded to the points raised, noting the number of school projects the Council had delivered on budget; and that conversations with the government were on-going.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: the impact of 'bulge years'; housing expansion in the east of Taunton and the potential for a new secondary school; and drop-off and pick up provision at new schools.

The Leader of the Council, Cllr David Fothergill sought reassurance that the impact on existing pupils had been considered.

Following consideration of the officer report and confidential appendix, the Cabinet:

- 1. Approved the award of a contract for the Provision of Support Services for People with Complex, Multiple Needs, to Provider A (as identified in Section 5 of the attached Confidential Appendix A – Tender Evaluation Report), from 1 April 2019 for a period of 5 years with an option for the authority to extend the contract for a further two periods of up to 12 months (subject to the parties agreeing the price for the extension period).**
- 2. Agreed the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached Appendix A in confidence, as they contain commercially sensitive information, and as the case for the public interest in maintaining the exemption outweighs the public interest in disclosing that information.**
- 3. Delegated authority to the Director of Adult Social Services, in consultation with the County Solicitor, to finalise and enter into**

the contract referred to in recommendation 1 above on behalf of the authority and to determine, in due course, whether to exercise the option to extend the contract.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

157 County Hall A Block Final Business Case Approval – agenda item 7

The Cabinet Member for Resources, Cllr Mandy Chilcott introduced the report noting the following points: thanks to the Scrutiny for Policies and Place Committee for their work; that the risk assessments Scrutiny had requested be shared with Cabinet had been circulated; that no major work had been completed on County Hall A Block for 30 – 40 years; that £7.75m of funding had already been agreed; that a further £2.5m of funding was required; and it was hoped the project would allow £723k of savings to be realised.

The Cabinet proceeded to debate the report, points raised included: the importance of ensuring funding messages are clearly communicated to the public; County Hall A blocks current poor condition; and the 2 phases of building works.

The Interim Director of Finance, Peter Lewis, and the Director of Commissioning and Lead Commissioner for Economic and Community Infrastructure, Paula Hewitt responded to the points raised, noting: the County Hall A block work was planned to be completed in two phases; and potential revenue returns.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: ensuring the refurbished space is fully utilised; and outside agencies using the office space.

The Leader of the Council, Cllr David Fothergill, and the Cabinet Member for Resources, Cllr Mandy Chilcott, responded to the points raised, noting: Somerset Direct would be moving into the refurbished space; the 5.3 year pay back period; on-going unitary conversations; that the accommodation was flexible; and that conversations with other partners were on-going.

Following consideration of the officer report and appendices the Cabinet:

- 1. Approved the Final Business Case for A Block refurbishment (Confidential Appendix)**
- 2. Recommended to Council that the cost of £2.5million to complete the A Block refurbishment project is committed and approved as part of the 2019/20 capital programme at their meeting in February 2019**
- 3. Delegated authority to the Lead Director for Economic and Community Infrastructure and Director for Commissioning, in consultation with the Head of Corporate Property, to enter the contract to deliver**

refurbishment of A Block, County Hall subject to:

a) allocation of the cost of the project by the Council within the 19/20 Capital programme by the County Council (see recommendation 2 above); and

b) receipt of Listed Building Consent (Planning Portal reference 4/38/18/0385/OB), expected January 2019;

c) receipt of a final tendered contract cost which falls within the available budget;

d) the requirement that all items of recommended contingency spend under the contract are reviewed and agreed by the Head of Corporate Property or an officer of higher seniority before approval.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

158 **South West Peninsula Framework Contract for Residential Children's Homes – agenda item 8**

The Cabinet Member for Children and Families, Cllr Frances Nicholson introduced the report noting the importance of individual placements for some children.

The Director of Children's Services, Julian Wooster added to the points raised by Cllr Nicholson, noting: that nationally demand outstrips good quality supply; and the challenge is recognised by the DfE.

The Cabinet proceeded to debate the report, points raised included: ensuring placements are competitively priced; the availability of foster placements; the importance of local placements; and the process for checking the quality of placements outside of Somerset.

The Strategic Commissioner – Vulnerable Children, Louise Palmer and the Director of Children's Services, Julian Wooster responded to the points raised, noting: the framework ensured placements were with good quality providers; a breakdown of costs would be provided for all placements; the Council often achieves a saving on the framework price; foster carer recruitment; and the Council's responsibility to check quality before a placement is made.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: ensuring appropriate placements are available when required.

Following Consideration of the officer report the Cabinet authorised the Director of Children's Services to enter into the Peninsula Framework for Independent Residential Children's Homes for a period

of 4 years (48 months) from 1st February 2019.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

159 **Award of a Contract for the Provision of a Framework of Support Services for People with Complex, Multiple Needs – agenda item 10**

The Cabinet Member for Adult Social Care, Cllr David Huxtable introduced the report noting the continuation of work to modernise the service.

The Strategic Manager – Commissioning, Tim Baverstock presented a number of slides to the Cabinet, topics included: current provision; engagement; and new beginnings.

The Director of Adult Social Care, Stephen Chandler added to the points raised, noting: the service had been jointly commissioned with Public Health; engagements with services users and providers; and delivering better outcomes.

The Cabinet proceeded to debate the report, points raised included: ensuring sufficient provision before moving away from a buildings-based approach; the Health and Wellbeing Boards endorsement of the proposed approach; linking with the Improving Lives Strategy.

The Leader of the Council, Cllr David Fothergill opened the debate to other members present, points raised included: ensuring support is available when needed; the length of tenancies; support for landlords; the pressures placed on the rental market by the Hinkley Point development; the importance of considering residents living in temporary caravans; and the importance of monitoring outcomes.

The Strategic Manager – Commissioning, Tim Baverstock responded to the points raised, noting: and work with Housing Providers regarding tenancies; ensuring a safe environment for recovery including a hospital stay when appropriate.

Following Consideration of the officer report and appendices the Cabinet:

- 1. Approved the award of a contract for the Provision of Support Services for People with Complex, Multiple Needs, to Provider A (as identified in Section 5 of the attached Confidential Appendix A – Tender Evaluation Report), from 1 April 2019 for a period of 5 years with an option for the authority to extend the contract for a further two periods of up to 12 months (subject to the parties agreeing the price for the extension period).**
- 2. Agreed the case for applying the exempt information provision as set out in the Local Government Act 1972, Schedule 12A and therefore to treat the attached Appendix A in confidence, as they contain commercially sensitive information, and as the case for**

the public interest in maintaining the exemption outweighs the public interest in disclosing that information.

- 3. Delegated authority to the Director of Adult Social Services, in consultation with the County Solicitor, to finalise and enter into the contract referred to in recommendation 1 above on behalf of the authority and to determine, in due course, whether to exercise the option to extend the contract.**

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

160 **Decision to Conclude the Award of a Contract for the Provision of Highway Improvements at M5 Junction 25 – agenda item 11**

The Cabinet Member for Highways and Transport, John Woodman introduced the report, noting: the improvements were designed to increase junction capacity, reduce congestion, and support housing and employment; and that work was scheduled to commence in March 2019.

The Strategic Commissioning Manager – Highways and Transport, Mike O’Dowd-Jones added to the points raised by Cllr Woodman, noting: the robust tender exercise; the number of funding sources; and utilising the £563k underspend from the Yeovil Western Corridor development.

The Cabinet proceeded to debate the report, points raised included: off-line working and preventing disruption; details of the new layout; details of LEP funding and any associated risks; and the importance of engaging the local community.

The Strategic Commissioning Manager – Highways and Transport, Mike O’Dowd-Jones responded to the points raised, noting: most works would be taking place off the existing highway or would take place at night; that access to the A358 would move and the existing access would become a bus lane; utilising the underspend from the Yeovil Western Corridor; and the significant financial contingencies built into the budget.

Following consideration of the officer report and appendices the Cabinet:

- 1. Agreed to award a contract for highway improvements and associated works at M5 Junction 25 to the supplier identified in Appendix A, following a competitive process. The award will be subject to confirmation of the funding contribution from the Heart of the South West Local Enterprise Partnership.**
- 2. Agreed to underwrite up to £0.536m from the capital programme that may be the result of the reduction in LEP contribution to the scheme.**
- 3. Agrees the case for exempt information for Appendix A to be**

treated in confidence, as public disclosure of the commercially sensitive data contained within would prejudice the Council's position in ensuring competitiveness of future tender processes.

The County Council reserves the right to not proceed with the award of a contract should new information come to light during the standstill period and/or before entering into a contract. In this instance, it is recommended that the ECI Commissioning Director and the Director of Corporate Affairs be given joint delegated authority to take any necessary action in relation to the conclusion of the contract to protect the Council interests - this could include a decision not to enter into a contract and go back out to market.

ALTERNATIVE OPTIONS CONSIDERED: As set out in the officer report

REASON FOR DECISION: As set out in the officer report

161 **Any other urgent items of business – agenda item 12**

There was no other business.

(The meeting ended at 12.40pm)

CHAIR

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Somerset County Council

Cabinet

23 January 2019

2019/20 Capital Programme

Cabinet Member(s): Cllr Mandy Chilcott - Cabinet Member for Resources
 Division and Local Member(s): All
 Lead Officer: Peter Lewis - Interim Director of Finance
 Author: Ian Trunks - Finance Manager, Capital
 Contact Details: PJJLewis@somerset.gov.uk Tel: 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	08/01/2019
	Monitoring Officer	Scott Wooldridge	08/01/2019
	Corporate Finance	Ben Bryant	08/01/2019
	Human Resources	Chris Squire	08/01/2019
	Senior Manager	Peter Lewis	08/01/2019
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	08/01/2019
	Opposition Spokesperson	Liz Leyshon	08/01/2019
	Relevant Scrutiny Chairman	Anna Groskop Leigh Redman	08/01/2019
Forward Plan Reference:	FP/18/11/04		
Summary:	<p>The Council continues to invest in Somerset to provide new school places, transport infrastructure and to improve our facilities to meet the needs of the community and to support continued economic growth. However, the Council's financial position requires all capital spend projects to contribute directly to achieving the objectives set out in the Council's Business Plan and to be supported by a robust business case.</p> <p>The £224.121m programme set out in this report is funded by various means, including ring-fenced grant from central government or other organisations, and development-related receipts such as Community Infrastructure Levy (CIL) and S106, neither of which can normally be used to run day-to-day council services. If the Council has to borrow to support capital funding (approximately £51.951m of the total required), then there is a revenue cost arising, which needs to be provided for in the Council's budget.</p> <p>Therefore, where projects are proposed to be funded by borrowing, it is preferable that they either make a positive return and/or contribute to reducing the Council's revenue costs in the longer term. However, the statutory requirement to make adequate provision for school places, which is not backed by Government grant, means that substantial borrowing is driven by this need. Further efforts will be made during 2019 to secure more Government</p>		

	<p>Basic Need Grant to support the provision of school places.</p> <p>There will be an overall, strategic approach to funding the capital programme, with all sources of funding other than borrowing deployed, where permitted by grant or other conditions, in a non-earmarked manner to reduce the pressure on borrowing and its consequent revenue costs.</p> <p>While there are a number of block allocations set out within this programme, it should be noted that Cabinet and Council are being requested to delegate to senior officers the approval of specific schemes within the block allocations.</p>
<p>Recommendations:</p>	<p>That the Cabinet agrees and recommends to County Council:</p> <ol style="list-style-type: none"> 1. Approval of the proposed capital programme for the period 2019/20 to 2022/23 of £224.121m, shown in Appendix A. Full details of individual schemes are available online as background papers. It is to be noted there is an existing programme approved in 2018/19 that overlaps with this one; 2. That the Chief Executive and the Senior Leadership Team Officer, following appropriate consultation and after giving due regard to the information contained within any associated impact assessments, are given delegated authority to decide on the individual projects to be delivered within block allocations; 3. That the Section 151 Officer is given delegated authority to accept any additional grants or funding that is made available to the County Council together with authority to consequently expand the approved capital programme, providing there are no negative revenue budget implications as a result of that action.

Reasons for Recommendations:	In accordance with the Council's Constitution, any capital programme proposed as part of setting the annual budget, requires approval by the County Council.					
Links to Priorities and Impact on Service Plans:	The capital programme describes the projects that will support the Council to identify investment and resources to help enable the delivery of the key priorities in the County Plan.					
Consultations undertaken:	The views of Somerset's residents determine the priorities set out in the County Plan. This in turn determines the capital programme priorities. Relevant stakeholders should be consulted when individual schemes are being developed.					
Financial Implications:	The financial implications arising from this report are all included within the detail of the report.					
Legal Implications:	In determining its capital programme for the year, the Council is required to have regard to the "Prudential Code" established in the Local Government Act 2003.					
HR Implications:	There are no direct HR implications arising from this report. However, staffing levels to deliver the programme, design and implementation need to be considered.					
Risk Implications:	Failure to identify and deliver a funded capital programme could reduce the ability to meet the County Plan priorities as well as negatively impact the quality of the council's assets and hence services provided.					
	Similarly, being overambitious with the programme will give rise to revenue financing pressures that could require offsetting service savings elsewhere.					
	Likelihood	2	Impact	4	Risk Score	8
Other Implications (including due regard implications):	It is essential that decision makers ensure that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.					

	<p>When formulating capital proposals, services are required to consider the potential impact of any proposals on protected and vulnerable groups and specific cross-cutting issues covering key areas such as Equalities, Community Safety, Sustainability, Health and Safety, Business Risk and Privacy.</p> <p>This is done with a view to identifying possible actions to mitigate negative impacts, considering whether proposals should be taken forward and identifying any opportunities to promote equality.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>This report was taken to the relevant Scrutiny Committees; Policies & Place and Children & Families, who met in December.</p> <p>The Scrutiny for Policies and Place Committee acknowledged the importance of SCC's ability and necessary resources to negotiate the be possible contributions to infrastructure projects from the development of housing in Somerset.</p> <p>The outcomes of the deliberations of Scrutiny Committees will be made available to Cabinet and Full Council.</p>

1. Background

- 1.1. This report introduces the proposed capital programme for 2019/20. The programme primarily relates to the assets which are held or used by the Council to operate or support the services provided to Somerset residents and covers such assets as Schools and Highways. Capital expenditure involves the acquisition, creation or enhancement of fixed assets with a long-term value to the Council. It does not pay for the day-to-day running costs of council services which are met from the Revenue Budget.
- 1.2. Given the financial pressures that are being faced by the Council as identified in the Medium Term Financial Plan there is a need to improve the Council's financial self-reliance. This can be done through investing in infrastructure and assets that will result in lower maintenance costs or improve the local economy and create jobs/workspaces.
- 1.3. With an increased focus on achieving maximum effect from capital investment, along with an increased focus on the Council's strategic priorities this will enable the Council to obtain maximum value from assets.
- 1.4. To date capital programme approvals have been given on an annual basis with only consideration given to future years. However, this leads to unintended consequence, with bigger projects, lasting more than one year, requiring further approvals to complete them. Hence this report now proposes to seek approval for the anticipated Capital Programme up to 2022/23. This will allow for better project planning of whole schemes and enables commissioners to procure under best value frameworks.
- 1.5. The capital programme has been prepared considering the current live schemes, revised estimates and updated forecasts of capital resources, where appropriate. Bids for projects were sought from all services over the period of August /

September 2018 in readiness for this budget round.

- 1.6. In order to seek to prioritise the bids that have been received from services, they have been judged against set criteria. The criteria are listed below:

Key	
Grant/ contribution funded	Fully financed from external funding (i.e. No SCC requirement)
Part funded - part debt financed	Significant external funding. Some requirement for SCC debt
Contractually committed schemes	Schemes underway with contracts. Revenue cost implications to withdraw
Statutory/compliance	Subject to value for money assessment before they are undertaken
Invest to save and reduce operational costs	Full business case provided to evidence payback vs debt costs
Invest to generate a net income stream	Full business case provided to evidence payback vs debt costs
Invest in wider economic growth	Full business case provided to evidence payback vs debt costs
Response to public/partner requests	Non statutory, with no external funding or direct payback
Discretionary schemes	Non statutory, with no external funding or direct payback

2. Capital Programme 2019/20

- 2.1. The Council continues to deliver significant capital investment across the region which will provide improved infrastructure and facilities whilst supporting the Somerset economy. This programme proposes spending in the following areas:

Indicative four year Impact of 2019/20 Programme

Service Area	2019.20	2020.21	2021.22	2022.23	Total
Highways and Traffic Management	27,801,000	28,904,000	31,099,000	32,128,300	119,932,300
Highways Engineering Projects	30,949,000	5,836,000			36,785,000
Schools - Primary and Secondary Sector	13,544,700	7,118,100	5,270,400	3,800,000	29,733,200
Economic Development	6,190,000	6,790,000	1,500,000	1,500,000	15,980,000
Early Years and Community Services	3,856,600	2,868,500	2,000,000	2,100,000	10,825,100
Support Services	5,795,000	190,000			5,985,000
Schools - SEN and Access	700,000	700,000	700,000	700,000	2,800,000
Other Services	564,400	561,800	259,000	695,000	2,080,200
	89,400,700	52,968,400	40,828,400	40,923,300	224,120,800

- 2.2. Despite the level of planning of this programme, it is almost inevitable that there will be changes in year and/or additional funding opportunities. These will need to be addressed as business cases for investment as they arise throughout the year. In addition, during 2019/20 additional capital plans will be developed for subsequent years, which will be considered in the budget round for 2020/21
- 2.3. The Senior Leadership Team have considered the level of forecast capital resources available alongside the requests from services for capital schemes. Given the current economic pressures the Council's ambition is to deliver a programme that has the optimum combination of schemes which deliver the County Plan and maximise the resources available. All bids were reviewed and challenged and only those which fulfil the above criteria are being proposed as part of the programme.

3. Risks Associated with the capital programme

- 3.1. The proposed capital programme requires additional borrowing. The risk to the Council is one of affordability; the revenue cost implications are highlighted below in Section 4.6.
- 3.2. As part of the process, services have been asked to identify the impacts of not proceeding with the bid. These key risks are listed below.

3.3. Schools Basic Need Programme

- 3.3.1 In 2018/19, the Council approved a programme to provide additional schools basic need places over four years. This was in part funded by up to £120m of borrowing. A further investment programme was proposed for 2019/20 and the subsequent three years, but this has now been reviewed in the light of the financial pressures upon the Council. The proposed schools programme for 2019/20 and beyond is now based upon available DfE grant, S106 contributions and the existing borrowing approval given in February and May 2018. This programme has been designed to meet the needs up to 2021. Appendix B shows the basic need requirements this funding seeks to fulfil.
- 3.3.2 It should be noted that the schools and number of places required as detailed in the appendix is only our projected need at this point in time, up to 2021, and is subject to change as the programme develops over the next few years.
- 3.3.3 The Council will continue to seek further funding to support the addition of school places and avoid the requirement for borrowing. There are some bids already underway.
- 3.3.4 It should be noted the pressure on school places is anticipated to continue beyond 2021. Outline proposals for future development needs are being prepared and appropriate funding will be sought. Therefore, members may expect to receive further capital bids in future years to allow commissioning of the schemes in a timely manner. Every effort will be made to secure funding that avoids significant additional borrowing.

3.4. Highways

Capital expenditure on the bulk of Highway schemes is funded through DfT grants. The value of grant is determined by our status as a highway authority. SCC is currently graded at the highest level (Band 3), which is reviewed annually. There is a risk that a reduced programme could lead to a reduction in our rating and therefore less grant being awarded.

Within the 2019/20 bid there is an element set aside for traffic signals. An ongoing programme is required to replace ageing signals. Some of the assets are more than 15 years old and are at a high risk of failing. The added risk to the Council is the responsibility of any claims for damages should a signal fail.

3.5. ICT Transformation

The ICT capital bid has been revised from an initial £4.5m down to £2.535m. This is viewed as the minimum requirement in order keep services updated and secure at an acceptable level.

This level of investment does not fully optimise the ICT infrastructure nor allow for significant upgrade in certain areas.

3.6. Fleet Management

The Fleet Management bid has been revised to extend the replacement programme from 7 years to 8. Whilst this saves capital expenditure in the short term there are additional revenue implications associated with this; increase in maintenance charges, higher risk of vehicles breaking down, reduced levels of receipts from selling older vehicles, etc. It has been judged that the reduction in borrowing costs will outweigh the additional running costs.

3.7. Small Improvement Schemes

Small Improvement Schemes (SIS) are officer and member led applications for minor highway scheme improvements. With capital funding reduced from £2m per annum to £1m per annum, the SIS programme will be reprofiled over a longer timeframe. Schemes may therefore take longer to design, appraise and implement than previously envisaged.

4. Capital Resources

- 4.1. Funding of the capital programme can come from a diverse range of resources, which includes capital grants, capital receipts, and contributions from third parties, borrowing and direct revenue funding.

The estimated funding for the 2019/20 capital programme can be seen below:

Financing	2019.20	2020.21	2021.22	2022.23	Total
Borrowing	19,879,900	8,586,200	10,960,000	12,525,300	51,951,400
Government Grants	39,964,800	39,482,300	27,648,000	27,648,000	134,743,100
3rd Party Contributions	29,556,000	4,899,900	2,220,400	750,000	37,426,300
Estimated funding	89,400,700	52,968,400	40,828,400	40,923,300	224,120,800

It is important to note that the above figures are forecasts, both in amount and timing, and are subject to change. The risk of change to our future programme increases the further into the future we try to forecast.

At present, we are estimating that we may need up to £51.951m of new borrowing to fund the capital programme as presented.

Irrespective of current funding planned now, the Authority continues to actively seek alternative funding for projects (particularly schools), with any funds secured reducing the requirement to borrow.

4.2. Capital Grants

Predicting capital grants creates an element of volatility in our funding assumptions. They form a significant proportion of funding for the capital programme. The grants are received from Government departments including the Department for Education (DfE) and the Department for Transport (DfT). Whilst these Government grants are allocated by specific central government departments, they are not ring-fenced.

The table below shows the estimated grants to be received from central government in 2019/20 will be £39.965m

	2019.20
Un Ring Fenced Grant	
School Basic Need	9,744,700
School Condition Allocation	3,800,000
Transport Maintenance Block	18,116,000
Integrated Transport Block	2,209,000
Highways Incentive Scheme	3,773,000
Pothole Action Fund	1,750,000
	39,392,700
Ring Fenced Grant	
Specialist Provision	572,100
Total Grant	39,964,800

The Schools Condition Allocation is currently an estimate as no indicative figures have been provided by the DfE.

The County and District Councils in Somerset continue to strive to be successful with submissions to Government for funding from the housing infrastructure fund (forward funding and marginal viability bids). This funding is important to Somerset in achieving the significant additional school places in this County, as well as essential highway schemes. Failure to secure these bids may result in a sub-optimal school place provision.

4.3. 3rd Party Contributions

The Authority attracts contributions from external business such as Section 106 Agreements or the Community Infrastructure Levy (CIL).

Within the proposed programme only contributions that are either received or secured through arrangement are included. Further funding is expected but cannot be guaranteed until developments progress; in order to balance the capital programme where grant funding is not known, then borrowing is inserted instead.

Failure to negotiate adequate funding from developers through Section 106 Agreements or the CIL, will result in the specific schemes being reviewed for affordability. Failure to secure sufficient funding may result in a sub-optimal school place provision.

4.4. Capital Receipts

The proposed capital programme does not rely on the generation of capital receipts.

As part of the investment strategy the Council continues to make full use of the 'flexible use of capital receipts' directive. This allows transformation projects which will save revenue budget to be funded from capital receipts through the flexibility permitted by Central Government.

Forecast potential receipts from the sale of assets in 2019/20 is £9.5m. This is subjective on various factors, such as the operational need for assets or market rates.

4.5. Capital Fund

The Capital Fund is formed from revenue sources of income and has been set aside as a contingency in case the need arises. The benefit of doing this allows the council to fund schemes in design and feasibility stages that may not proceed. In 2019/20 £1m will be used for the cashflow of the M5 Jct25 scheme that will attract developer funding in future years.

4.6. Prudential Borrowing

Under Prudential Code rules the Council has the power to finance capital schemes using Prudential Borrowing, often from the Public Works Loans Board, which is the main source of funding available to the Council where external funding cannot be obtained. The costs associated with borrowing are charged to the revenue account which recognises that borrowing is not a free resource but has a cost. Affordability that is the key constraint to taking borrowing.

The following provides an illustration of the potential cost of borrowing for the proposed capital programme.

	2019/20	2020/21	2021/22	2022/23
Cost of borrowing for the proposed 2019/20 capital programme	85,891	1,482,377	1,987,906	2,497,168
Cost of borrowing for the current 2018/19 capital programme	1,631,915	3,020,813	3,022,553	2,963,555
Total cost of borrowing (MRP + interest)	1,717,807	4,503,190	5,010,459	5,460,723
Current provision for the cost of borrowing associated to 2018/19 programme	1,424,000	2,112,000	2,585,000	2,585,000
Impact on MTFP	293,807	2,391,190	2,425,459	2,875,723

The full year effect of this will depend upon the timing and length of borrowing and the interest rate at that time. This will need to be factored into revenue estimates in due course.

5. Capital Investment

- 5.1. A number of councils have embarked on significant commercial property investment programmes, which have attracted the attention of the press and of Government. The latter has altered a number of the regulations governing local authority capital investment and borrowing in order to restrain excesses in this area.
- 5.2. However, such investment does present an opportunity for this Council to generate much needed net cash income after allowing for the cost of the schemes themselves. With this in mind, a provision of £100m additional borrowing has been included within this draft programme to purchase investment opportunities. It is expected these investments would be self-funded whilst also generating a return, hence there is no revenue provision made for the borrowing costs of the £100m.

It is essential that the Council prepares and then agrees a robust commercial investment strategy that guides this part of the programme and ensures compliance with the latest regulations in this area.

6. Minimum Revenue Position

- 6.1.** The Council is required by law to make a statement on the Minimum Revenue Provision (MRP). This is the annual provision made from the revenue budget in line with our statutory requirements and is central to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required.
- 6.2.** The Government and the Chartered Institute of Public Finance and Accountancy (CIPFA) have developed new policy guidance on the Minimum Revenue Provision that councils will need to adopt. SCC's policy is to always provide a prudent provision for debt that meets the statutory requirements. A full MRP statement will be presented alongside the revenue budget reports in due course.

7. Prudential Indicators relating to capital investment

- 7.1.** Somerset County Council is required to monitor its overall level of debt in line with the CIPFA Prudential Code for Capital Finance under the Local Government Act 2003. This code, which is also subject to review, sets out a framework for self-regulation of capital spending; in effect allowing councils to invest in capital schemes which meet service delivery objectives as long as they demonstrate affordability, prudence and sustainability.

In order to facilitate the decision making process and support capital investment decisions, the code requires the Council to agree and monitor a number of prudential indicators. These indicators cover affordability, prudence, capital expenditure and debt levels. The indicators are described within the Capital Strategy.

8. Background Papers

- 8.1.** Appendix A – 2019/20 Capital Programme Overview
Appendix B – Proposed School Places Funded Through Capital Programme

2019/20 Capital Programme Overview

Appendix A

Ref	Service	Scheme	2019.20			Total Programme		
			SCC Resources / cashflow	3rd Party (grants/contributions)	Total	SCC Resources	3rd Party (grants/contributions)	Total
C19 - 001	Children's and Families	Schools Basic Need	0	9,744,700	9,744,700	0	14,533,200	14,533,200
C19 - 001	Children's and Families	SEN Schools Access Initiative	127,900	572,100	700,000	1,655,800	1,144,200	2,800,000
C19 - 002	Children's and Families	Schools Conditions	0	3,800,000	3,800,000	0	15,200,000	15,200,000
C19 - 003	Children's and Families	Early Years Building Conditions	3,856,600	0	3,856,600	4,925,100	0	4,925,100
C19 - 004	Children's and Families	Early Years Basic Need	0	0	0	5,900,000	0	5,900,000
		Education and Skills	3,984,500	14,116,800	18,101,300	12,480,900	30,877,400	43,358,300
C19 - 006	Economic and Community Infrastructure	Colley Lane Southern Access Road	3,854,000	3,095,000	6,949,000	2,004,000	5,599,000	7,603,000
C19 - 008	Economic and Community Infrastructure	M5 Junction 25	1,000,000	15,040,000	16,040,000	0	20,440,000	20,440,000
C19 - 009	Economic and Community Infrastructure	Small Improvement Schemes	1,000,000	0	1,000,000	4,000,000	0	4,000,000
C19 - 010	Economic and Community Infrastructure	Toneway Corridor	1,550,000	6,410,000	7,960,000	1,550,000	6,410,000	7,960,000
		Infrastructure	7,404,000	24,545,000	31,949,000	7,554,000	32,449,000	40,003,000
C19 - 007	Economic and Community Infrastructure	Highway Structural Maintenance	0	23,298,000	23,298,000	0	93,192,000	93,192,000
C19 - 011	Economic and Community Infrastructure	Highway Lighting - Basic Need	0	550,000	550,000	0	2,200,000	2,200,000
		Structural Maintenance	0	23,848,000	23,848,000	0	95,392,000	95,392,000
C19 - 014	Economic and Community Infrastructure	Gritter Replacement Programme	0	0	0	472,000	0	472,000
C19 - 015	Economic and Community Infrastructure	Fleet Vehicle Replacement	397,000	0	397,000	3,126,300	0	3,126,300
C19 - 018	Economic and Community Infrastructure	Traffic Signals Recovery Programme	0	2,000,000	2,000,000	13,500,000	2,000,000	15,500,000
C19 - 013	Economic and Community Infrastructure	Library Service Public Access Printing Services	70,000	0	70,000	70,000	0	70,000
C19 - 005	Corporate and Support Services	Dillington House Improvement Programme	130,000	0	130,000	424,500	0	424,500
C19 - 021	Corporate and Support Services	Somerset Outdoor Residential Learning Service Improvement Programme	321,400	0	321,400	1,431,300	0	1,431,300
		Replacement Asset Programme	918,400	2,000,000	2,918,400	19,024,100	2,000,000	21,024,100
C19 - 019	Economic and Community Infrastructure	Public Rights of Way	556,000	0	556,000	2,224,000	0	2,224,000
		Rights of Way	556,000	0	556,000	2,224,000	0	2,224,000
C19 - 020	Corporate and Support Services	Corporate Property Investment	760,000	0	760,000	950,000	0	950,000
C19 - 022	Corporate and Support Services	Taunton OPE Project	2,429,000	71,000	2,500,000	2,429,000	71,000	2,500,000
		Property Improvements	3,189,000	71,000	3,260,000	3,379,000	71,000	3,450,000
C19 - 016	Economic and Community Infrastructure	Business Growth Fund	750,000	750,000	1,500,000	3,000,000	3,000,000	6,000,000
C19 - 017	Economic and Community Infrastructure	Taunton Digital Centre and Geovation Hub	500,000	4,190,000	4,690,000	1,600,000	8,380,000	9,980,000
		Economic Development	1,250,000	4,940,000	6,190,000	4,600,000	11,380,000	15,980,000
C19 - 012	Economic and Community Infrastructure	Library Service Redesign	43,000	0	43,000	154,400	0	154,400
C19 - 023	Corporate and Support Services	Corporate ICT Investment	2,535,000	0	2,535,000	2,535,000	0	2,535,000
		Transformation	2,578,000	0	2,578,000	2,689,400	0	2,689,400
C19-024	Economic and Community Infrastructure	Heritage Conservation	50,000	0	50,000	50,000	0	50,000
		Other	50,000	0	50,000	50,000	0	50,000
			19,929,900	69,520,800	89,450,700	52,001,400	172,169,400	224,170,800

Please note:

- 1 The Heritage bid was a late addition to the capital programme;

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Appendix B - SCHOOLS BASIC NEED PROGRAMME - 18/19 TO 20/21

Note - the list of proposed future projects in the table below is based on the anticipated need as at Autumn 2018 and should therefore be treated as indicative and may be subject to change

Project name	Description	No. of places
18/19 Basic Need Programme Projects Commissioned and/or committed		
Primary		
Taunton Nerrols	New 14 class primary school + nursery	420
Taunton, Norton Fitzwarren - phase 2	2CRs+WCs (Perm)	60
Highbridge, Brue Farm	New 14 class primary school + nursery	420
Somerton King Ina	Replace King Ina Infants & Junior with 16 class primary school + purchase of land for 21 class primary school	420
Bridgwater Willowdown	Phase 2 to 14 classes	210
Secondary		
Bridgwater College Academy	Expansion to 1200	
Taunton Bishop Fox's	Expansion	
SPECIAL		
Taunton Hazelbrook	New provision for Secondary Age Pupils from Selworthy	
Bridgwater Bower Lane	New special school (all through - 60 primary and 80 secondary)	
ASD - Yeovil Oaklands	Remodelling - 7 places	7
ASD - Yeovil Preston	Expansion - 10 places	10
PRU's - SEMH provision Mendip	Remodelling - 10 places	10
SEMH - South Somerset	SEMH expansion to a second site in South Somerset	40
19/20 Projects - Places to 2020 (also includes majority of places required by 2021)		
Taunton, Wellsprings	3 CR + WC Perm	90
Castle Cary	1 CR + WC Temp	30
Highbridge, a primary school	1 CR + WC Temp	30
Taunton, Monkton Heathfield 2 Primary	14 class Primary, 2 x Nursery	420
Castle Cary	Replacement 14 class primary school + nursery	420
Wells, Wookey Hole Road	New 7 class primary school + nursery	210
Yeovil, Keyford	New 7 class primary school + nursery	420
Secondary		
Robert Blake to 1200	300 needed by 2021	300
Taunton, Monkton Heathfield 2 Secondary	450 needed by 2022	750
Specialist provision		
Yeovil Fairmead	Increase capacity from 80 to 130 children	50
Yeovil Fiveways	Increase capacity from 75 to 100 children	25
PRU's - SEMH provision Holway Centre	Expansion of provision / curriculum, return of medical provision from Nor	10

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Decision Report – Cabinet
– 23 January 2019

Revenue Budget Monitoring Update

Cabinet Member(s): Cllr Mandy Chilcott – Cabinet Member for Resources

Division and Local Member(s): All

Lead Officer: Peter Lewis, Director of Finance

Author: Peter Lewis, Director of Finance

Contact Details: 01823 359028

	Seen by:	Name	Date
	County Solicitor	Honor Clarke	
	Monitoring Officer	Scott Wooldridge	14 Jan 19
	Corporate Finance	Peter Lewis	14 Jan 19
	Human Resources	Chris Squire	14 Jan 19
	Property	Paula Hewitt / Claire Lovett	14 Jan 19
	Procurement / ICT	Simon Clifford	14 Jan 19
	Senior Manager	Peter Lewis	14 Jan 19
	Commissioning Development Team	commissioningdevelopments@somerset.gov.uk	
	Local Member(s)	All	
	Cabinet Member	Mandy Chilcott	14 Jan 19
	Opposition Spokesperson	Liz Leyshon	
	Relevant Scrutiny Chairman	Cllr Anna Groskop for Scrutiny Place	10 Jan 19
Forward Plan Reference:	FP/18/11/07		
Summary:	<p>It is notable that this report outlines, for the first time in this financial year, a projected revenue outturn underspend for 2018/19; of £0.921m. This projection is based upon actual spending to the end of November 2018 (month 8) and compares to the available budget of £317.882m. The last reported projection, based on spend to the end of October, was an overspend of £2.368m. The contingency has a residual sum of £3.382m uncommitted at this stage.</p> <p>The main change between the month 7 and month 8 projections is that a revised approach to the calculation of the Minimum Revenue Provision (MRP) has been applied, taking</p>		

	<p>advantage of new and more flexible regulations. The MRP is a provision made in the accounts for the repayment of long term debt when it becomes due. The revised calculation has reduced the budget required for MRP by £4.178m in 2018/19. It is, however, important to recognise that the adoption of the MRP approach for 2018/19 (and future years) is subject to formal consideration by the Council in February 2019; should this approach not be approved at that time then the impact on the projected outturn for 2018/19 will need to be reassessed.</p> <p>Controlling the 2018/19 budget has been a priority of the Council for several months and is it welcome that the focus and efforts are producing the benefit of a projected underspend. This is particularly important considering the challenging financial position the Council must address from 2019/20 onwards to ensure a financially sustainable position. Delivering robust control of current spending is essential to laying the foundations for managing a challenging budget for 2019/20. In addition, producing an underspend in 2018/19 will enable a partial replenishment of the reserves, which will improve the resilience of the Council and hence its ability to address the financial uncertainties beyond 1 April 2020.</p> <p>This report is only a summary, highlighting the main differences between month 7 and month 8; more detail will be presented in the next quarterly report.</p>
<p>Recommendations:</p>	<p>It is RECOMMENDED that the Cabinet:</p> <ol style="list-style-type: none"> 1. comments upon the contents of this report and particularly notes the progress being made with controlling the budget for 2018/19, including the intention to partially replenish earmarked and General Fund reserves to improve the resilience of the Council for future years; 2. supports the use for urgency and agrees the expansion of the Capital Investment Programme to incorporate the recently announced additional funds from the Department for Transport for Local Highways Maintenance. 3. Delegates to the Council’s Chief Finance (\$151) Officer, in consultation with the Cabinet Member for Resources, the authority to sign a new Building Schools for the Future Public Finance Initiative (PFI) contract on behalf of the Council if the evidence shows that it will be a long-term benefit to the Council. See paragraph 2.9 <p>Note – the Chair of Scrutiny Committee for Policies and Place has agreed the case for urgency for the decision relating to recommendation 2 to enable that decision to</p>

	be taken by Cabinet and reported to the next meeting of Full Council.
Reasons for Recommendations:	<p>Preparing a coherent, confident and realistic budget for the County Council is essential to ensure that the corporate plan and service delivery priorities of the Council can be achieved, and that financial sustainability can be secured. Furthermore, closely monitoring spend against the agreed budget is necessary to ensure that the Council delivers its priorities within its means. This report requires action to be taken so that this objective can be met.</p> <p>The recently announced funding from the Department for Transport for Local Highways Maintenance implies an alteration to the approved Capital Programme, upon which a decision must be made. A decision is now required so that the Council can make use of this welcomed additional funding. Alterations to the approved Capital Programme are for Full Council to agree but there is provision in the Constitution for decisions to be taken urgently where it is not practical to convene or wait for a Full Council meeting. In this instance the approval of the Chair of the relevant Scrutiny Committee is required.</p> <p>There is an investigation ongoing into the potential benefits of refinancing the Building Schools for the Future project, which, if advantageous, may require a final decision to be made in a very short timeframe.</p>
Links to County Vision, Business Plan and Medium Term Financial Strategy:	The Medium Term Financial Plan (MTFP) sets the funding for the County Vision and the use of those funds is then monitored, via this report, throughout the year to ensure delivery of Council objectives and actions within the resources available.
Consultations and co-production undertaken:	Information and explanations have been sought from directors on individual aspects of this report and their comments are contained in the report. Due process and consultations will be carried out where required for any further specific proposals for change.
Financial Implications:	The financial implications are identified throughout the report.
Legal Implications:	There are no specific legal implications arising from this report.

HR Implications:	There are no HR implications arising directly from this report, but remedial actions may have such implications. These will be dealt with in any subsequent reports.										
Risk Implications:	<p>Our corporate risk register recognises the risk to containing spend within budget in the face of service pressures, reducing funding and the challenges of delivering ever more savings and efficiencies.</p> <p>As winter approaches and economic uncertainty continues, there are several budgets which may see demands vary at short notice leading to adverse variations late in the financial year. These include: highways and emergency costs, transport and waste volume costs. Although social care costs are also often impacted by winter, the Government have recently announced additional winter funding to mitigate these. To an extent further mitigation to spend volatility would be possible through the Council's corporate contingency.</p> <p>Although broader market uncertainty exists in view of the current Brexit negotiations, at this stage any precise implications are not known. The Council needs to be alert to potential implications as negotiations develop and respond accordingly at the time.</p> <p>The Children's Services budget has now been rebased but remains under pressure. The risk of further overspending continues to be mitigated by an improved understanding of the budget, better and more timely monitoring information and improved control of expenditure within the service.</p> <p>As noted within the text, this projection depends on the Council's approval of the revised MRP Policy; should this approval not be given then the reduced spend projected would need to be reversed. In addition, there is the potential that the external auditors may challenge the approach as the accounts for 2018/19 are prepared and audited.</p> <p>This Organisational Risk (00043) has a broad perspective, encompassing both current year spending and future years' budgets. Hence, while the projected outturn position has improved, it is still not appropriate for the "likelihood" score to be reduced at this time given that there are more steps in the democratic process to resolve the budget for 2019/20.</p> <table border="1" data-bbox="528 1870 1445 1910"> <tr> <td data-bbox="528 1870 746 1910">Likelihood</td> <td data-bbox="746 1870 852 1910">5</td> <td data-bbox="852 1870 1027 1910">Impact</td> <td data-bbox="1027 1870 1139 1910">5</td> <td data-bbox="1139 1870 1362 1910">Risk Score</td> <td data-bbox="1362 1870 1445 1910">25</td> </tr> </table>					Likelihood	5	Impact	5	Risk Score	25
Likelihood	5	Impact	5	Risk Score	25						

<p>Other Implications (including due regard implications):</p>	<p><u>Equalities Implications</u></p> <p>There are no specific equalities implications arising from the contents of this report.</p> <p><u>Community Safety Implications</u></p> <p>There are no community safety implications arising from the contents of this report.</p> <p><u>Sustainability Implications</u></p> <p>There are no sustainability implications arising from this report.</p> <p><u>Health and Safety Implications</u></p> <p>There are no health and safety implications arising from this report.</p> <p><u>Privacy Implications</u></p> <p>There are no privacy implications arising from this report.</p> <p><u>Health and Wellbeing Implications</u></p> <p>There are no health and wellbeing implications arising from this report.</p>
<p>Scrutiny comments / recommendation (if any):</p>	<p>This report will be presented to Scrutiny for Policies and Place Committee, also on 23rd January 2019; comments arising will be made available to the Cabinet at a subsequent meeting.</p>

1. Background

- 1.1. Since 2010, the Council has delivered savings and efficiencies of around £143m and closely controlled its revenue and capital budgets to ensure it meets its duty to ensure expenditure does not exceed resources available. In September 2018 the Cabinet accepted proposals for change across a range of budgets to address the then projected overspend for the current financial year.
- 1.2. Consultation with other bodies was necessary before some of these agreed actions could be implemented. These consultations have now been concluded and means that all the agreed actions from the September Cabinet have now been reflected in the budget monitoring forecast.
- 1.3. A detailed review of the contingency, has identified that the sum remaining uncommitted at the end of November is £3.382m. This balance remains unallocated at this time; consideration as to how and when it can be released to

contribute to the general revenue budget underspend will be given in the quarter 3 monitoring report (due to be presented to the Cabinet meeting in February 2019).

- 1.4. This report shows that there is a projected underspend of £0.921m, compared to the recently reported projected overspend.
- 1.5. The table showing the projected outturn, and variances from month 8, are set out in Appendix A. The paragraphs below offer short explanations of the major parts of those variances.
- 1.6. In the Government's November Budget, the Chancellor of the Exchequer announced an additional £420m of funding for Local Highways Maintenance for the current financial year. The allocation to Somerset County Council is £9.98m and plans are being finalised to spend this sum. As this is a change to the Capital Programme then formal approval of the change is required.

Alterations to the approved Capital Programme are for Full Council to agree but there is provision in the Constitution for decisions to be taken urgently where it is not practical to convene or wait for a Full Council meeting. The Chair of Scrutiny Committee for Policies and Place has agreed the use of urgency for this proposed decision to alter the approved Capital Programme to incorporate this additional funding.

The allocation of the additional funding received will be a matter for the relevant SLT Director in consultation with the Director of Finance.

2. Key Variances

2.1. **Children's Services** (*Net budget £86.508m, £1.062m projected overspend, a favourable movement of £3.739m since month 7*)

The budget benefits arising from the changed Minimum Revenue Provision (MRP) policy, £4.178m, explained further in the Non-service paragraphs 2.5 below, have been added to the Children's Services base budget from month 8, taking the service base budget from £82.330m to £86.508m. This compares to the rebased budget £88.635m that is assessed to be a realistic budget for the service, hence an overspend is still shown. Against this revised base budget, the projected variance is explained in the paragraphs below.

It is also worth commenting on the current forecasts for the Dedicated Schools Grant (DSG) which is ring-fenced and not currently a liability for the Council. The current position shows a total overspend at the end of the year of £5m with the main area of pressure in High Needs. The Department for Education allocated an additional amount of grant for both 2018/19 and 2019/20 to help address some of the pressures seen nationally although this is not sufficient to meet the current pressures. This additional grant for Somerset in 2018/19 was £1.171m and has been included in the forecast deficit outturn. To help support the recovery of the

pressures on the high needs budget a request has been made to the Secretary of State to transfer funds from the school's block element of the DSG to the high needs block in 2019/20. The government is adopting new reporting requirements where LA's are forecasting DSG overspends of more than 1% of the gross annual budget. The Authority on behalf of Schools Forum will need to submit a detailed report to the Secretary of State at the end of the financial year, with a 3-year plan showing how the Authority and Forum intend to balance the DSG during this timescale.

Children & Learning Central Commissioning: favourable £0.478m; movement adverse £0.228m

The Home to School transport projected position showed an increased overspend by £0.308m, the majority of which was due to 3 significant route costs not being included on previous Capita reports. Because of this Transporting Somerset will check and validate the data held in Capita to ensure future forecasts are not adversely affected.

Further savings, mainly due to staff leaving the service earlier than anticipated increased the Getset underspend by £0.058m.

Children & Families Operations: adverse £1.540m; movement favourable £3.967m

As well as the budget movement of £4.178m from Non-service to Children's Services due to the revised MRP policy, projected expenditure on external placements has increased by £0.171m due to an increase in secure costs and extended remand and semi-independent placements for 16 and 17-year olds.

As the year has progressed there is greater level of certainty of the forecast of Children's Social Care transportation costs taking account of the volatility of this budget area. As a result, there is an additional pressure of £0.170m now being reported.

This increase has been offset in part by reductions across the service, in particular staffing costs where vacancies are being held.

2.2. Adults Services (*Net budget £133.829m, £0.000m projected on budget, a minor variance of £0.001m since month 7*).

Adult Services: on budget £0.000m movement adverse £0.001m

Since period 7 there is no significant change in the final variance for Adult Services. Previous projections had included a planned £1.000m for allocation for winter, based on previous years and predicted increases in activity and support required. As such some of the schemes were already in place and funded prior to the announcement of additional government funding, thereby releasing the projected spend. Monitoring of the spend against the £2.5m winter pressures funding is via monthly return to central government and NHS England.

Learning Disabilities is now also forecasting a positive variance due to a reduction of £0.500m of costs associated with previously assumed contractual transformational costs.

It is planned to use both positive variances (£1.500m in total) to reduce the balance on the Learning Disabilities equalisation reserve, which will have an equal, beneficial effect on the General Fund reserve, hence improving the Council's resilience as shown on its balance sheet.

This month has also seen some small increases in placements for Mental Health, which have been offset by a reduction in salary spend. Within Learning Disabilities, there has been a small reduction within homecare and two backdated funding agreements for Continuing Health Care (CHC) packages, which have been offset against the recalculation of joint funding.

2.3. Public Health (*Net budget £0.928m, £0.500m projected underspend, no movement since month 7*).

Public Health: favourable £0.500m: no movement £0.000m

The Public Health budget is made up of two elements. The ring fenced Public Health Grant (£20.723m), which is projected to be fully spent, and £1.098m of Somerset County Council funding. The projected underspend against the County Council element of this money continues to be £0.500m.

2.4. Economy and Community Infrastructure (*Net budget £64.843m, £1.852m projected underspend, an improvement of £0.653m since month 7*).

Economy & Community Infrastructure: favourable £1.817m movement; favourable £0.618m

Economy and Community Infrastructure's (ECI) forecast has improved by £0.618m resulting in an underspend position of £1.817m.

There are a number reasons for the increased underspend in ECI. An increase in throughput in the Highways Term Maintenance Contract is forecast to result in an increased rebate, the current estimate is an increase of £0.072m. Traffic Management and Parking income levels are higher than anticipated (£0.287m movement). Waste tonnages remain low and to date are 2.6% down on the same period last year. The forecast now assumes tonnage trends will be lower than the budgeted 1.5% annual growth (£0.107m movement). Transporting Somerset reported an underspend during this period following a review of Concessionary Fares, County Ticket and contract bus subsidies. The review was undertaken to ensure accurate forecasting (favourable movement of £0.108m).

There are still several factors that may change forecasts including winter and emergency costs, any upturn in waste volumes and Concessionary Fares. For

example, last year's late and severe weather conditions resulted in additional costs of over £0.500m in Highways.

2.5. Corporate and Support Services (*Net budget £21.241m, £0.255m projected overspend, an improvement of £0.055m since month 7*).

Corporate and Support Services: adverse £0.255m; movement favourable £0.055m

Corporate and Support Services is showing an overspend of £0.255m. This is an improvement of £0.055m from the month 7 position.

This is due to reductions in forecasts within Commercial and Procurement (-£0.039m movement) from in year vacancies and reduced legal costs. HR & OD (-£0.030m movement) due to the increased underspend reported within Adults L&D due to anticipated spend on the Grow Your Own social work programme not being realised because of student deferment and recent reviews decisions (in terms of essential/critical tasks) to support the ongoing financial imperative situation. The underspend in Legal Services has reduced due to increased expert's fees and Coroners pathologists costs (+£0.030m movement). There are also a few other small downward movements from month 7.

2.6. Non-Service (*Net budget £10.533m, £0.770m projected overspend, an adverse movement of £0.122 since month 7*).

Non-Service: overspend adverse £1.770m; movement adverse £1.122m

There is an adverse movement of £1.122m which includes:

- An MRP saving of £0.154m (reported in non-service in month 7) that has been allocated to children's services, as part of the month 8 additional re-base; and a favourable variance of £0.023m as the net saving from repaying one of our market loans early (£0.069m interest saving less the £0.046m amortised annual charge for the loan premium we had to pay as part of the extinguishment); and
- A £1.000m contribution to the general reserves fund as per section 2.7 below that had not been budgeted for.

There has been a significant change in approach to the Minimal Revenue Provision (MRP), as mentioned in the summary above. Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended], local authorities are required to charge a MRP to their revenue account in each financial year. Before 2008, the 2003 Regulations contained details of the method that local authorities were required to use when calculating MRP. This has been replaced by the current Regulation 28 of the 2003 Regulations, which gives local authorities flexibility in how they calculate MRP, providing the calculation is 'prudent'.

An underpinning principle of the local authority financial system is that all capital expenditure must be financed either from capital receipts, capital grants (or other contributions) or eventually from revenue income. The strategic aim of prudent provision is to require local authorities to put aside revenue over time to cover their Capital Financing Requirement (CFR) and ensure enough provision has been put aside to repay outstanding debt when it falls due. In doing so, the Council is required to align the period over which it charges MRP to one that is commensurate with the period over which the capital expenditure provides benefit. To ensure compliance with the new requirements, the plan is to adopt an MRP policy comprising two distinct sections; 1) a charge based on the useful economic life of loans-funded capital expenditure; and 2) an additional incremental charge each year to ensure the provision has enough put aside to repay debt when it falls due. It should be noted that as the debts are repayable at the full term, having a different MRP profile, with lower earlier payments, does not incur additional interest charges for the Council.

This revised MRP policy is yet to be formally adopted by members, going to Audit Committee for scrutiny in January 2019 and onwards to full Council in February 2019 for decision.

This revised MRP policy will result in a cost of £1.439m for the financial year-ending 31st March 2019, which represents a reduction of £4.349m when compared to the original 2018/19 budget (of £5.788m) based on the old methodology. Of this favourable variance, £0.171m has already been reported at Month 4 (and included in the MTFP2 rebase) with the remaining £4.178m being allocated to Children's services during Month 8 as an additional re-base.

As the full saving has been allocated to Children's services, there is no impact to Non-Service of the revised charge in Month 8.

2.7. Trading Units: *(Net budget £0.00m, £0.000m projected outturn position, no movement since month 7).*

Dillington House: adverse £0.250m: movement adverse £0.073m

Dillington House is forecast to overspend by £0.250m in 2018/19. This includes the repayment costs of a long-term outstanding loan (£0.170m per annum) that was used for capital works to improve conference facilities at the venue and because of reduced levels of income for the first 8 months of the year. This will be added to existing deficit held in an earmarked reserve bringing the total to £1.135m. Work is under way to develop a business plan that brings the operation into profit and sets out repayment proposals for the accumulated deficit.

Support Services for Education: favourable £0.278m: movement favourable £0.067m

Increased traded income and vacancy savings across SEN Services and Central Support have resulted in an increased surplus of £0.067m.

2.8. Improving Financial Resilience

As mentioned in the month 7 report, opportunities will be sought to use 2018/19 underspends to partially replenish reserves to strengthen the balance sheet and hence improve the financial resilience of the Council. This is especially important given that the financial outlook for 2020/21 is not yet known and reserves may be required to absorb any shocks from unexpectedly poor financial settlements for future years. This projection assumes that a further £1.000m will be added to the General Fund reserve during 2018/19, in addition to the planned contribution of £2.000m.

As part of the provisional Local Government Finance Settlement received on 18 December 2018, it was announced that the Government is to distribute to local authorities an excess sum that they had top sliced as part of the National Non-Domestic Rates levy arrangements, £180m nationally. The county has been notified that the value for Somerset County Council is £1.031m and this is expected to be paid to the Council in 2018/19. Any further relevant details will be reported in the Quarter 3 monitoring report, alongside the proposed application.

2.9. Building Schools for the Future – Private Finance Initiative Refinance Opportunity

Somerset County Council has an existing Private Finance Initiative under Building Schools for the Future. This commenced in 2011 and was established over 25 years. Formal contracts and management are in place. The outstanding liability on the existing agreement will be £43.3m at March 2019. Recently a number of authorities have achieved financial savings through refinancing such arrangements to take advantage of the current low interest rates. The existing contract provides for such activity and SCC wishes to take the benefit of such an opportunity if one arises.

It is expected that options for a new deal could be available to the Council in the coming weeks but due to the nature of these financing arrangements, which alter according to daily changes in the finance markets, the Council would need to act quickly. As a result, it is proposed that the Chief Finance (S151) Officer in consultation with the Cabinet Member for Resources be delegated with the authority to sign a new PFI contract subject to a conclusion that it will be in the long-term benefit to the council.

3. Options considered and reasons for rejecting them

- 3.1.** There is no alternative but to undertake effective and thorough budget monitoring to follow through with appropriate actions to address any variances.

4. Background Papers

- 4.1.** Month 7 Revenue Budget Monitoring report to Cabinet – 19 December 2018.

Appendix A – Revenue Budget Monitoring month 8 – Headline Summary Table

Service	Original Base Budget	Budget Movements	Total Budget Approvals	Negative (+) Variances	Positive (-) Variances	Planned Use of Earmarked Reserves	Planned Use of Capital Receipts Flexibility	Net Variance Under (-) / Overspend		Previous Cabinet Report *	Movement from Previous Report
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m
Adults and Health	141.284	-7.455	133.829	8.892	-7.835	1.500	-2.557	0.000	0.00%	-0.001	0.001
Children and Families - Operations	46.279	15.346	61.625	3.031	-1.441	0.000	-0.050	1.540	2.50%	5.507	-3.967
Children and Learning - Commissioning	19.750	5.132	24.882	0.603	-0.766	-0.197	-0.118	-0.478	-1.92%	-0.706	0.228
Public Health (SCC funding)	1.026	-0.098	0.928	0.000	-0.500	0.000	0.000	-0.500	53.88%	-0.500	0.000
ECI Services	66.745	-1.902	64.843	5.300	-4.672	-1.657	-0.788	-1.817	-2.80%	-1.199	-0.618
Key Services Spending	275.084	11.023	286.107	17.826	-15.214	-0.354	-3.513	-1.255	-0.44%	3.101	-4.356
Corporate and Support Services	20.106	1.135	21.241	4.584	-3.108	1.283	-2.504	0.255	1.20%	0.310	-0.055
Non-Service Items (Inc Debt Charges)	22.692	-12.158	10.534	1.904	-0.134	0.000	0.000	1.770	16.80%	0.648	1.122
Trading Units	0.000	0.000	0.000	0.462	-0.490	0.028	0.000	0.000	0.00%	0.000	0.000
Support Services and Corporate Spending	42.798	-11.023	31.775	6.950	-3.732	1.311	-2.504	2.025	6.37%	0.958	1.067
Updated Business Rates Receipts	0.000	0.000	0.000	0.338	-2.029	0.000	0.000	-1.691	0.00%	-1.691	0.000
SCC Total Spending	317.882	0.000	317.882	25.114	-20.975	0.957	-6.017	-0.921	-0.29%	2.368	-3.289

Original Base Budget = Budget set by the Council on 21 February 2018

Budget Movements = Transfers between services, not affecting the total budget for 2018/19

Total Budget Approvals = Revised budget after movements

Positive variance = one that improves the projected outturn position

Negative variance = one that deteriorates the projected outturn position.

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19 December 2018

National Funding Formula for Schools and High Needs 2019/20

Cabinet Member(s): Cllr Faye Purbrick – Cabinet Member for Education and Transformation

Cllr Frances Nicholson – Cabinet Member for Children and Families

Cllr Mandy Chilcott – Cabinet Member for Resources

Division and Local Member(s): All

Lead Officer: Lizzie Watkin – Strategic Finance Manager

Author: Lizzie Watkin – Strategic Finance Manager

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	Seen by:	Name	Date
	County Solicitor	Honor Clarke	14/1/19
	Monitoring Officer	Scott Wooldridge	14/1/19
	Corporate Finance	Peter Lewis	14/1/19
	Human Resources	Chris Squire	14/1/19
	Senior Manager	Julian Wooster	14/1/19
	Local Member(s)	All	
	Cabinet Member	Cllr Frances Nicholson Cllr Faye Purbrick	14/1/19
	Opposition Spokesperson	Cllr Liz Leyshon	14/1/19
	Relevant Scrutiny Chairman	Cllr Leigh Redman	14/1/19
Forward Plan Reference:	<i>FP/19/01/04</i>		
Summary:	This report provides confirmation of overall Dedicated Schools Grant funding for Somerset following final publication by the DfE, including the delegated schools budget and the High Needs provision for 2019/20 and summarises the approach being recommended to Cabinet in relation to the National Funding Formula (NFF) for Schools and High Needs for 2019/20 following consultation with Somerset Schools Forum (SSF).		
Recommendations:	<p>Cabinet is recommended to:-</p> <ol style="list-style-type: none"> 1. Approve the allocation of Dedicated Schools Grant for delegation to Somerset Schools and High Needs provision, including Academies and Free Schools. 2. Devolve approval of the final formula allocations at individual school level for 2019/20 (total allocation received 17 December 2018) to the Cabinet Member for Children and Families, the Cabinet Member for Education and Transformation and the Cabinet Member for Resources. 3. Request the Cabinet Member for Education and Transformation and the Cabinet Member for Children and Families write to the relevant Secretary(s) of State 		

	<p>to set out a request for additional DSG funding to be allocated to Somerset Schools and taken into account as part of the Government's Comprehensive Spending Review in 2019/20</p>
<p>Reasons for Recommendations:</p>	<p>This decision is required to enable the local authority to arrive at Schools and High Needs funding allocations for 2019/20, in adherence to Schools and Early Years Financial Regulations. This decision will allow for the setting of the budget shares for Schools and Academies for the year and the overall amounts available for Early Years, High Needs and Central Schools Services Budget (CSSB).</p>
<p>Links to Priorities and Impact on Service Plans:</p>	<p>Business Plan Outcome:</p> <ul style="list-style-type: none"> Fairer life chances and opportunity for all.
<p>Consultations and co-production undertaken:</p>	<p>The Somerset Schools Forum and its Technical Working group met in October to discuss the implications outlined in the NFF Policy documents, and agreed to consult with Somerset maintained schools and academies on proposed local changes to schools funding.</p> <p>Two consultation questionnaires were published and to provide additional support to the second consultation, three area briefings took place to help inform the process. The consultations ran from 2 November to 21 November 2018.</p> <p>The first consultation was focused on the Funding Formula, the Funding Floor, Capping and the Minimum Funding Guarantee (MFG), De-delegation, and Education Functions charges for maintained schools. The second consultation was focussed on the proposal to transfer funds from the Schools Block to the High Needs Block. See Appendix A for a copy of the consultation documents.</p>
<p>Financial Implications:</p>	<p>All funding referred to in this paper is delivered through the DfE's Dedicated Schools Grant (DSG) and as such is ring-fenced to educational provision. It does not therefore form part of the local authority's net budget.</p> <p>Final allocations were published by the DfE on 17 December 2018 and we can confirm that Somerset will have available £382.449m, an increase of 3.65% (£13.461m) over the 2018/19 baseline, as a result of demographic changes (685 pupils) and the second year of implementation of a national funding formula.</p> <p>In recognition of the continued pressure seen nationally on the High Needs element of DSG the DfE announced an additional £125m within the High Needs block of DSG for 2019/20, the Somerset element of this being an additional £1.171m, which is included in the total DSG figure above</p>

<p>Legal Implications:</p>	<p>The School and Early Years Finance (England) Regulations 2018 require the Authority to consult with the Schools' Forum on the proposed formula. This consultation has been carried out with the consultation documents attached in Appendix A.</p> <p>School budget shares are to be submitted to the ESFA on the Authority Proforma Tool (APT) worksheet by the 18 January 2019 and published for individual schools by 28 February 2019.</p>
<p>HR Implications:</p>	<p>There are no direct HR implications arising from the proposed changes to Somerset's funding formula, although some schools may be required to invoke redundancy procedures as a result of reducing pupil numbers and/or increasing costs compared with the level of funding.</p>
<p>Risk Implications:</p>	<p>The key risk is in significant budget variances. The formula will however provide for an increase of at least 0.5% per pupil across all schools.</p> <p>There are continuing cost pressures within all sectors, in particular across the High Needs sector. This is a national as well as local issue. The proposal within the consultation document includes a transfer of approximately £1.469m from the Schools block into High needs, in recognition of these pressures, however this has now been revised partially to reflect the subsequent additional high needs funding received. The revised transfer is for £0.868m and the DfE have been notified of the change in request.</p>
<p>Other Implications (including due regard implications):</p>	<p>Equalities Implications There are no direct impacts as changes in the schools budget allow for a minimum increase of 0.5% per pupil. The disapplication request to the Secretary of State to transfer funds from the School Block to the High Needs budget, allows for vulnerable pupils to have funding increased and support inclusion in mainstream schools, which otherwise would be at risk.</p> <p>Community Safety Implications None as changes to funding do not relate to community safety.</p> <p>Sustainability Implications None as changes to funding do not impact on sustainability.</p> <p>Health and Safety Implications None as changes to funding do not impact on Health and Safety</p> <p>Privacy Implications None</p> <p>Health and Wellbeing Implications None</p>

Scrutiny comments / recommendation (if any):	Not applicable. Note this decision paper reflects the consultation proposals made to Somerset Schools Forum and considered at their meeting on 27 November.
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1. Background

1.1. On 24 July 2018, [the National Funding Formulae for schools and high needs 2019 to 2020](#) was published by the Department for Education (DfE).

1.2. The DfE recognises that the introduction of the national funding formula (NFF) for 2018/19 represented a significant change. To provide stability for local authorities and schools through the transition, it has previously confirmed that in 2018/19 and 2019/20 each local authority will continue to set a local schools formula, in consultation with local schools.

1.3. 2018/19 saw a considerable movement in local formulae towards the schools national funding formula and the DfE has stated it is pleased to see the significant progress across the system in moving towards the NFF in its first year. In light of this progress, and in order to continue to support a smooth transition, the DfE has confirmed that local authorities will continue to determine local formulae through until 2020/21 when it is anticipated that a “hard formula” will be set.

1.4. The DfE is also updating three key areas of the formula in 2019/20, in line with the approach and commitments set out last year. These are:

- The minimum per pupil funding levels – the minimum per pupil funding level for secondary schools will increase to £4,800 and the minimum per pupil funding level for primary schools will increase to £3,500 (The local authority determine whether to use a minimum funding level and the value to set based on affordability).
- The funding floor – the funding floor will increase to ensure that all schools will attract at least a 1% gain per pupil against their 2017/18 baselines.
- The gains cap – the gains cap will increase to 6.09% per pupil against 2017/18 baselines. We have used a compounded figure so that underfunded schools can gain a further 3% on top of the 3% they gained in 2018/19.

Somerset will consider implementing these changes in full if the quantum of funding available for delegation to schools is sufficient to the costs, however if the amount available is insufficient then lower Minimum Funding Levels and a lower cap on gains may be required.

1.5. Other minor changes include a small reduction to the primary low prior attainment (LPA) factor value to reflect the cohort increase due to changes to the Early Years Foundation Stage Profile. The total proportion spent will be maintained.

1.6. The Somerset Schools Forum and its sub group have consulted with Somerset maintained schools and academies on some proposed local changes to schools funding for 2019/20. The changes are in the following paragraphs but can be seen in full in Appendix A.

- 1.7. Schools were invited to submit proposals for exceptional costs and it was proposed to change the methodology used to calculate allocations in respect of Private Finance Initiative (PFI) contracts, to cap the formula for individual schools contribution at the newly revised pupil number capacity. There were no eligible requests for exceptional costs and consultation responses supported the PFI change.
- 1.8. The Funding Floor and Minimum Funding Guarantee and Capping were all proposed to have specific local measures applied. The main reason for these changes are that the overall funding received by the DfE is insufficient to fully adopt the NFF and we seek to minimise the financial impact of excessive year on year changes in pupil characteristics. Consultation responses supported these changes.
- 1.9. The final part of the first consultation was focussed on De-delegation, and Education Functions charges for maintained schools and consultation results can be seen in Appendix B.
- 1.10. It can be seen that funding for Somerset schools is low and Somerset should continue to lobby for removal of the gains cap given it is historically a low funded authority and a disparity will still remain, given that traditionally high funded authorities will still have a guaranteed minimum increase 0.5% per annum.

2. Somerset Schools financial context

- 2.1. The funding for Somerset schools in 2019/20 is £293.885m, which is an increase on the 2018/19 baseline of £11.018m or 3.895%. Although this does include a new formula for allocating growth funding to the authority based on increases between pupil census dates for middle super outputs areas, taking accounting only of areas with increases in the number of pupils.
- 2.2. The implementation of the NFF has been more significant for Somerset secondary schools. The ratio of spend between primary and secondary schools by Local Authorities nationally is 1:1.29, in Somerset it is was 1:1.21. This is mainly because of the low level of DSG funding and the number of small necessary schools required in a large rural county, to ensure that parents can choose a local school without long distances having to be travelled.
- 2.3. In adopting an NFF a higher proportion of any additional funding will be targeted towards our secondary provision moving them closer to the national ratio.
- 2.4. The largest gainers by percentage are some of our smallest schools, as a small increase in funding for these schools can equate to a substantial percentage increase. A greater number of our smallest schools will benefit from an increase in a lump sum allocation and sparsity funding.

3 High Needs

- 3.1.** The High Needs funding system supports provision for children and young people with special educational needs and disabilities (SEND) from their early years to 25. In Somerset the High Needs budget has been under significant pressure over the last few years and was overspent in 2017/18 by £2.7m bringing the cumulative deficit position to £5.6m. In year the budget is likely to be slightly overspent, due to transfers from other blocks of £2.404m and the additional high needs funding of £1.171m.
- 3.2.** Following the appointment of an Assistant Director for Inclusion the LA is continuing to progress the High Needs Block deficit recovery plan with the main areas of focus and actions being:
- Places, Capital Build and Independent Provision
 - Investment in Special schools
 - Reduce Independent placements where possible with the focus on finding the appropriate local provision
 - Investment in ASD resource bases
 - Pupil Referral Units, Alternative Provision and Outreach Support
 - Improvements to the SEND team and annual review process
 - Review of SEND Support Services

Where a local authority has an overall deficit on DSG of 1% or more at the end of the financial year, it must submit a recovery plan to the Department for Education (DfE), setting out how it plans to bring the overall DSG account into balance within a maximum of three years.

- 3.3.** A specific High Needs Block consultation document was issued to schools for 2019/20 and schools were asked whether a transfer of 0.5% from the Schools Budget to High Needs was supported. In recognition of the pressures on High Needs nationally, the DfE allow LA's, with support from their Schools Forums, the ability to move up to 0.5% (equivalent to £1.469m) out of the Schools Budget. Above 0.5% requires Secretary of State approval and would also need to be accompanied by Forum support and a SEND financial strategy. If Schools Forums do not support a requested transfer of up to 0.5% and the Local Authority wish to make the transfer a disapplication of the financial regulations has to be submitted to the Secretary of State.
- 3.4.** The Director of Children's Services asked schools, academies and the Schools Forum to consider very carefully the use of this flexibility in light of the financial pressures faced across High Needs.
- 3.5.** The consultation document also included a request for views on the areas that the High Needs Block currently fund, such as discretionary SEN support services, and discretionary historical services funded by the Central Schools Services Budget.
- 3.6.** Following the consultation (see Appendix A and B) the Somerset Schools Forum did not support to transfer up to 0.5% of funds from the Schools Block to the High Needs Block. Due to the scale and significance of the High Needs pressures the LA decided to apply for a disapplication of the financial regulations to the Secretary of State to allow this transfer to take place. However following this disapplication request a subsequent allocation of £125m nationally has been made available for high needs in 2019/20 which

for Somerset is an additional £1.171m. In light of this additional allocation the authority is revising its disapplication request from 0.5% to 0.3% or £0.868m.

4. Options considered and reasons for rejecting them

4.1. As detailed in para 1.4 above the DfE have confirmed that authorities are not obliged to adopt the NFF factors and values and as such it is a 'soft' National Funding Formula. The approach to implement the NFF as soon as possible was supported by the Somerset Schools Forum last year and the funding approach was implemented successfully.

4.2. The local authority could choose to ignore the proposals however in doing so there could be two consequences in particular:

- Using an established or new local formula would create a significant administrative burden and potential confusion given that the latest national funding levels are based on a new national basis for distribution and the NFF approach was adopted last year.
- If Somerset were to adapt its funding formula it could move further away from a national approach and as such could drive schools to make decisions (redundancy/employment etc) that may not be required in the short to medium term as expectations of the factors of the NFF become hard (compulsory) from the DfE, leading to unnecessary upheaval and potential additional cost in the short term.

The continued implementation of the NFF in Somerset is likely to lead to a smoother financial transition when a hard national funding formula is applied by the DfE.

14. Background papers

- 14.1.** Appendix A – Consultation documents
Appendix B – Consultation responses

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National Funding Formula for Schools and High Needs 2019/20

Consultation 1: with Somerset schools and academies on the funding formula for 2019/20

On 24 July 2018, [the National Funding Formulae for schools and high needs 2019 to 2020](#) was published by the Department for Education (DfE).

The DfE recognises that the introduction of the national funding formula (NFF) represents a significant change. To provide stability for local authorities and schools through the transition, it has previously confirmed that in 2018/19 and 2019/20 each local authority will continue to set a local schools formula, in consultation with local schools.

2018/19 has seen considerable movement in local formulae towards the schools national funding formula and the DfE has stated it is pleased to see the significant progress across the system in moving towards the NFF in its first year. In light of this progress, and in order to continue to support a smooth transition, the DfE has confirmed that local authorities will continue to determine local formulae in 2020/21.

The DfE is also updating three key areas of the formula in 2019/20, in line with the approach and commitments set out last year. These are:

- The minimum per pupil funding levels – the minimum per pupil funding level for secondary schools will increase to £4,800 and the minimum per pupil funding level for primary schools will increase to £3,500 (The local authority determine whether to use a minimum funding level and the value to set based on affordability).
- The funding floor – the funding floor will increase to ensure that all schools will attract at least a 1% gain per pupil against their 2017/18 baselines.
- The gains cap – the gains cap will increase to 6.09% per pupil against 2017/18 baselines. We have used a compounded figure so that underfunded schools can gain a further 3% on top of the 3% they gained in 2018/19.

Other minor changes include a small reduction to the primary low prior attainment (LPA) factor value to reflect the cohort increase due to changes to the Early Years Foundation Stage Profile. The total proportion spent will be maintained.

The Somerset Schools Forum and its sub group would like to consult with Somerset maintained schools and academies on some proposed local changes to schools funding for 2019/20.

Consultation 1: Detailed Proposals and Questions

It remains the DfE's long-term intention that schools' budgets should be set on the basis of a single, national formula (a 'hard' formula). To ensure some transitional stability, LAs will continue to set a local formula for schools in 2019/20 and 2020/21.

Local authorities will receive confirmation of their final Dedicated Schools Grant allocations in December 2018, following validation of the October pupil census data. The extent to which Somerset adopts the values within the DfE's NFF model will be determined by its funding settlement.

This consultation is set out in four parts as follows:

1. Formula Funding, Element 1; Exceptional circumstances
2. The Funding Floor, Capping and the Minimum Funding Guarantee (MFG)
3. De-delegation (Maintained Primary and Secondary schools only)
4. Education Function for Maintained Schools

Consultation 2: Transfer of funds from the Schools Block in 2019/20

Please note the authority will be asking schools to support the request to transfer up to 0.5% of the Schools Block funding to the High Needs Block in 2019/20. To ensure schools are informed when responding to this request a number of evening roadshows have been arranged, details to follow shortly and a separate consultation document and response form will be published.

Full details for each proposal for consultation 1 are provided below and the response form can be found on [IPOSTID-2-6673](#)

Please note that this consultation is to provide all schools with the opportunity to respond to the proposed changes to the revenue funding formula for 2019/20. Therefore, this is your opportunity to raise concerns or support the proposals. If no concerns are raised, the Schools Forum will assume that schools are happy for changes to take place.

National Funding Formula for Schools and High Needs 2019/20

1. Formula Funding – Element 1

(a) Exceptional Circumstances

Local authorities may request the inclusion of additional factors in their formula for exceptional circumstances. Additional factors may be approved in cases where the nature of the school premises gives rise to a significant additional cost, greater than 1% of a school's total budget and where such costs affect fewer than 5% of the schools (including academies) in the authority's area.

A number of exceptional arrangements have been agreed by the DfE where particular premises circumstances result in costs beyond the control of the governing body. Any factors which were used in 2017/18 can automatically be used in 2018/19 provided that the above criteria are still met.

Exceptional factors previously approved include:

- rents
- joint use of leisure facilities by contractual agreement
- building schools for the future (BSF) schemes - additional contribution to lifecycle maintenance costs
- hire of PE facilities
- listed buildings
- school with a farm included as part of its educational provision

Each application is considered on its own merits and it should not be assumed that a future application will be successful simply because it falls into one of the categories shown above.

Schools should note that some historical exceptional circumstances were already catered for when Somerset moved to the new funding formula. This includes funding for rents; most schools will have received funding for this element in the per pupil and lump sum allowance. Applications would therefore not be considered unless there has been a considerable increase in costs compared to the baseline figure used in 2013/14 or the charge for rent has been introduced since 2013/14.

Schools are invited to submit proposals for exceptional costs. As mentioned previously, additional factors may be approved in cases where the nature of the school premises gives rise to a significant additional cost **greater than 1% of a school's total budget** and where such costs affect fewer than 5% of the schools (including academies) in the authority's area. Applications should set out the rationale for the factor and demonstrate that the criteria are met.

Question 1(a):

Do you wish to submit an application for exceptional circumstances?

(If yes, please submit details as explained above)

National Funding Formula for Schools and High Needs 2019/20

(b) Private Finance Initiative (PFI) Contracts

The LA is proposing to change the methodology used to calculate allocations in respect of Private Finance Initiative (PFI) contracts. This area of funding is included in Element 1 of the National Funding Formula under exceptional circumstances. It applies to premises circumstances which result in costs beyond the control of the school. Somerset has three schools within the PFI scheme; they are Chilton Trinity, Robert Blake and Elmwood Special School. This proposal only applies to Chilton Trinity and Robert Blake as Elmwood Special School's budget is based on the high needs formula.

The proposal is to cap the formula calculation for the individual school's contribution at the newly revised pupil number capacity. This will increase the cost of the subsidy as the schools grow. The increased funding and therefore reduced proportionate costs towards the unitary charge for the schools is not of financial benefit to the schools.

The current pupil number capacity of 1,050 for Chilton Trinity was based on the available 'teaching' space within the school buildings. However, it has since transpired that some of this is corridor and community space and cannot be used for teaching. The schools currently incur additional costs to accommodate the pupils that cannot be taught in the PFI building.

The proposal would realign the formula to accommodate the actual maximum number of children that can physically fit in the classroom space available. For Chilton Trinity, this is a reduction from 1,050 to 935 pupils.

Question 1(b):

Do you support the proposal to change the methodology used to calculate allocations in respect of Private Finance Initiative (PFI) contracts? The proposal is to cap the formula calculation for the individual school's contribution at the newly revised pupil number capacity.

2. The Funding Floor, Capping and the Minimum Funding Guarantee (MFG)

The Funding Floor:

The Secretary of State confirmed in July 2017 that the national funding formula will provide for at least a 1% per pupil increase between the 2017/18 baseline and 2019/20, therefore schools will see a further minimum increase of 0.5% in 2019/20 per pupil against the 2017/18 baseline.

Minimum Funding Guarantee (MFG):

Last year we didn't have to consult on setting a MFG as all schools received a minimum 0.5% increase per pupil compared to 2017/18, however the funding floor and the MFG are not one in the same. The funding floor guarantees a percentage increase in funding per pupil compared to the baseline year, which is 2017/18. The MFG protects schools from significant year on year changes in funding per pupil due to formula or pupil characteristic changes compared. The MFG can be set between the range of -1.5% to +0.5% per pupil.

National Funding Formula for Schools and High Needs 2019/20

The proposal is to set the MFG at -1.0% per pupil to protect schools from excessive year on year changes in pupil characteristics.

Question 2a:

Do you support the proposal to set the Minimum Funding Guarantee per pupil at -1.0% for year on year changes in pupil characteristics, e.g. reducing levels of deprivation or low prior attainment?

Capping and an alternative funding cap:

The overall funding received by the DfE is insufficient to fully adopt the NFF and the transitional arrangements including the Minimum Funding Levels, therefore the authority is required to set a percentage cap on gains, based on what is affordable. The intention would be to set the general cap in 2019/20 between 2.5% and 3.0%, therefore schools which have had a significant increase in funding as a result of the NFF potentially could have gained 3% in 2018/19 and up to another 3% in 2019/20, therefore compounded 6.09% over two years.

Some schools however have a more significant gain from the NFF, the majority are small schools, where a small amount of additional funding can be a significant percentage of the overall funding.

There is an option to apply an alternative gains cap for schools gaining more than 15% in funding on the 2017/18 per pupil baseline. It's a fairly complex calculation and would only apply to schools due to receive an increase greater than 15% per pupil.

Example 1: A school gaining 16% in funding per pupil compared to 2017/18, would have already received 3% increase in 2018/19 per pupil and would receive up to another 3% if the authority sets the cap at 3% in 2019/20, or through the alternative gains cap 20% of the school's remaining cash gain under the fully implemented NFF.

16% less the 3% already funded in 2018/19 = 13% * 20% of the remaining gain = 2.6%, therefore the alternative gains cap would not provide any additional funds unless the authority set a cap below 2.6%.

Example 2: A school gaining 25% in funding per pupil compared to 2017/18, would have already received 3% increase in 2018/19 per pupil.

25% less the 3% in 2018/19 = 22% * 20% of the remaining gain = 4.4%, therefore the alternative gains cap would provide an additional 1.4% per pupil if the authority set the cap at 3% for 2019/20.

Question 2b:

Do you support the proposal for an alternative gains cap for schools who gain more than 15% through the NFF compared to 2017/18?

National Funding Formula for Schools and High Needs 2019/20

Maintained mainstream schools only**3. De-delegation**

Maintained schools can, through their representatives on the Schools Forum, vote for specific services to be managed centrally of behalf of maintained mainstream schools. Since 2013, the Schools Forum maintained school members have voted unanimously for the option to de-delegate budgets previously managed centrally. However, as this decision must be reviewed annually, local authorities are required to consult with mainstream maintained schools on the arrangements for 2019/20.

Academies, Special Schools and PRUs may be able to buy into any central arrangements.

The budgets which can be de-delegated are set out in the table below, with additional details set out in Appendix A. The values below relate to 2018/19, the amounts for 2019/20 will be published after the DSG allocation for 2019/20 has been published by the DfE in December 2018 and therefore schools need to be aware that they may increase above inflation and where the costs incurred in the previous year have exceeded the de-delegated amount, as the overspend will need to be recouped, however any underspend will result in a reduced amount in 2019/20. At this early stage we can confirm that the cost of Insurance will increase in 2019/20 as the costs in 2018/19 are predicted to exceed the amount de-delegated.

Delegation	Basis for delegation	2018/19 Values
Schools in financial difficulties	Per pupil	£0.22
FSM eligibility checking service	Per FSM Ever 6	£0.47
Insurance (Public and Employers liability) Primary Secondary	Per pupil	£19.03 £35.23
Licences & Subscriptions	Per pupil	£4.43
Staff Costs (Care First & Maternity)	Per pupil	£22.91
Trade Union Facilities Time	Per pupil	£2.88

Maintained mainstream schools only:**Question 3:**

Please indicate whether you wish to see budgets for schools in financial difficulty, FSM eligibility checking, insurances, licences and subscription, care first, maternity cover and trade union facilities time de-delegated. A response is required for each service to inform Schools Forum representatives at the meeting on 27 November 2018 to make a decision on behalf of mainstream maintained schools.

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4. Education Function for Maintained Schools

This was introduced for 2017/18 and funds the duties previously funded by the Education Services Grant (ESG) general rate. The following LA services are funded by the Education Functions funding:

- HR duties
- Finance duties
- Health and Safety
- Equality
- Religious Education (SACRE)
- School Premises
- Redundancy costs - this is new for 2019/20 and will act as pool arrangement
- Monitoring national curriculum assessment

With the removal of the Education Services Grant (ESG) general grant from September 2017, maintained schools can agree to contribute from delegated funds to ensure continued delivery of these functions. For 2017/18 and 2018/19, the Schools Forum supported the proposal to contribute some funds from schools' budgets towards the cost of the general duties element previously funded through ESG.

The annual cost for 2019/20 is forecast to be approximately £15 per pupil, compared with £10.38 per pupil in 2018/19. This is due to the inclusion of redundancy costs which is explained below in question 4 (b).

Question 4(a):

Please indicate whether you wish to contribute some of the school's budget towards duties previously funded by the Education Services Grant (ESG) general rate. A response is required to inform Schools Forum representatives at the meeting on 27 November 2018 to make a decision on behalf of maintained schools.

School Redundancy Costs

Government legislation states that it is an LA responsibility to meet the cost of redundancies and the funding the LA received to contribute towards this was part of the Education Services Grant (ESG) for maintained schools. In 2016/17 the ESG funding equated to £77 per pupil for maintained schools and covered the LA's statutory responsibilities, including dismissal or premature retirement when costs cannot be charged to maintained schools.

The ESG for pupils from maintained schools was withdrawn by the DfE from September 2017, as was the equivalent funding received by academies for the responsibilities that transferred to the Academy Trusts upon conversion. The LA consulted with maintained schools and the Somerset Schools Forum prior to the DfE change and received support to make a direct charge against maintained schools delegated budgets for the

National Funding Formula for Schools and High Needs 2019/20

Education Functions of the LA to continue. When this was introduced in 2017/18, redundancy costs were not included within the list of services.

The LA is therefore proposing to include within the Education Functions charge an additional amount to contribute towards the costs of school redundancies to replace the loss in funding to the LA from the removal of the ESG. It will also bring maintained schools in line with academies who have to fund redundancy costs from their delegated budget, however the authority would manage the funds similar to an insurance scheme, where the redundancy costs exceed premiums the premium would increase the following year and vice versa. The approval for redundancies would continue to be scrutinised by the HR Advisory Service and Schools Finance Team with the same rigour as before.

Question 4(b):

Please state whether you agree that maintained schools should contribute towards the costs of school redundancies to replace the loss in funding to the LA from the removal of the ESG.

A response is required to inform Schools Forum representatives at the meeting on 27 November 2018 to make a decision on behalf of maintained schools.

The closing date for responses to this consultation is Wednesday, 21 November 2018 and the results will be reported to the Schools Forum on 27 November 2018.

If you require any further information or explanation, please contact the SFAT Helpline: 01823 359771 or email: CYPFinance@somerset.gov.uk

National Funding Formula for Schools and High Needs 2019/20

Appendix A: Services delegated to schools and subsequently de-delegated for maintained schools (Question 3).**Schools in financial difficulties**

The funds will enable the Schools Funding Team to purchase additional support on behalf of schools in financial difficulty from Education Financial Services, Support Services for Education, when the LA requires an independent assessment of the school's financial position and how it could recover.

Free School Meals (FSM) Eligibility Checking Service

The Free School Meals Service currently provides a single point of contact for parents through Somerset Direct. Application forms are also available on-line and will be made available in other locations such as GP surgeries. Schools are given a supply of leaflets and application forms.

Marketing has been undertaken to raise the profile that free school meals eligibility means more than just free school meals and gives the child's school access to Pupil Premium funding. The service processes all application forms received, undertaking the necessary eligibility checks on behalf of the schools and where purchased, academies. Schools are notified of eligible children. The Service maintains all data relating to eligibility and will automatically notify the school where a child ceases to be eligible for Free School Meals.

Insurances

The arrangements for insurance cover are detailed in the table below:

Type of insurance	Summary of responsibility and level of cover provided
Property	Insure the school buildings and contents for things like damage caused by fire or flood. Ensure adequate level, based on the reinstatement valuation. This will include business interruption.
Public Liability	For claims against the school by a member of the public (including pupils) arising from the school's negligence – usually injury sustained whilst on school premises, but this can include any off-site activity or trip.
Employers Liability	For claims against the school by an employee arising from the school's negligence, including injury and illness.
Other Liabilities	Officials Indemnity and libel and slander protect employees against errors, omissions, libel and slander.
Personal Accident	Provides assault cover for all employees, including volunteers and governors.
Money	Covers loss, theft or damage of money up to £30,000

Note: insurance does not include cover for motor vehicles; this element is charged directly to the schools concerned.

Licences and Subscriptions

The current budget for licences and subscriptions covers the following functions:

Appendix A

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- CLEAPSS (Consortium of Local Education Authorities for the Provision of Science Services) membership
- A licence for the core SIMS system in schools

Trade Union Facilities Time

The funding meets the cost of paid time off for:

- Union representatives to accompany a worker to a disciplinary or grievance hearing
- Union representatives to carry out trade union duties
- Union representatives to attend union training
- Union 'learning representatives' to carry out relevant learning activities
- Union health and safety representatives to carry out health and safety functions during work hours.

Care First

This facility provides Somerset County Council employees with free access to an Employee Assistance Programme. Care first is a professional counselling, information and advice service offering support for issues arising from home or work. It provides an opportunity to discuss problems in confidence away from the workplace independent of the situation.

This includes information and advice on financial, legal, work, personal and mental health matters.

Maternity

Funds the cost of maternity on behalf of teachers and support staff, where the school meets the cost of the maternity cover.

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Consultation 2: Proposal to transfer up to 0.5% from the Schools Block to the High Needs Block in 2019/20

The Dedicated Schools Grant (DSG) is the main source of government funding for the provision of education by local authorities and institutions in England. Its use is governed by the [conditions of grant](#), one of which requires the grant to be spent in accordance with the [School and Early Years Finance \(England\) Regulations 2018](#). The DSG cannot be used for other purposes. New regulations will be published in December 2018.

There are four discrete blocks which together form the DSG: Early Years Block (EYB); Schools Block (SB); High Needs Block (HNB); and Central Schools Services Block (CSSB). Within the DSG, the schools block is ring-fenced. This means that the vast majority of funding for primary and secondary schools allocated to local authorities through the schools national funding formula must be passed directly to schools. However, local authorities have some flexibility to seek a transfer of funding from the schools block to other areas, such as high needs, where this best matches local circumstances and where agreed by Schools Forum.

The DfE expects that most proposals by local authorities to move funding from their schools block will arise as a result of pressures on their high needs budgets.

All local authorities have statutory duties under the Code of Practice including to keep their local offer of provision for pupils with SEND under review, this includes provision available in mainstream schools and sufficiency relating to special schools. LA's are required to plan strategically, to ensure good quality provision can be developed and sustained in line with available resources. Schools are under a statutory duty to co-operate with the Code of Practice and the LA, and it is particularly important that mainstream schools are clear about how they contribute to the local offer, and how the extent of that contribution can affect the need for more specialist provision and the costs that local authorities consequently must meet from their high needs budgets.

Consultation 2: Roadshows

Please note the authority has arranged a number of twilight roadshows, to ensure schools and academies are informed of the reasons why the authority is seeking support to transfer up to 0.5% from the schools funding block to the high needs block for 2019/20.

To book a place at any of the roadshows, please email with the names and date/venue to: CYPFinance@somerset.gov.uk

Tuesday 6 th November 5.30pm – 7.00pm	Stanchester Academy
Wednesday 7 th November 6.30pm – 8.00pm	Bridgwater College Academy
Thursday 8 th November 5.30pm – 7.00pm	Taunton Academy
Wednesday 14 th November 5.30pm – 7.00pm	Crispin Academy

Consultation 2: Detailed Proposals and Questions

Somerset is proposing a transfer of funds between funding blocks and is therefore required to consult with all maintained schools and academies. The Somerset Schools Forum should take into account the views of the schools responding before either giving approval or not.

This consultation seeks the views on the following:

5. a) Transfer of up to 0.5% from the Schools Block to the High Needs Block for 2019/20.

b) The proposal to increase the top up values by 2% across early years, mainstream, special and FE provision to reflect the minimum increases in school per pupil funding and the unfunded costs of non-teaching staff pay award above the 1% pay cap.
6. Whether to continue or reduce the spending on Combined Budgets (historical commitments).
7. Whether to continue or reduce the spending on discretionary services within the High Needs Block.

2. Transfer of up to 0.5% from the School Block to the High Needs for 2019/20

The High Needs block is projected to overspend in 2018/19 by (£1.736m) (based on information as at month 6 budget monitoring); The High Needs block overspent in the previous two financial years by (£2.940m) and (£2.680m) respectively and therefore the High Needs block has a cumulative bought forward deficit of (£5.620m). With the projected in year overspend this would grow to a cumulative deficit of (£7.356m) by the end of this financial year. However, with schools' support and approval of the Schools Forum, there was agreement to transfer £1.178m from the Schools Block, equivalent to 0.4% of the overall schools funding in 2018/19 and the Central Schools Services Block (CSSB) was funded for historical commitments at the previous years' allocation and due to planned reductions in spend and the wide area network contract coming to an end the previous year, £1.226m was also transferred from the CSSB to High Needs. Therefore, when allowing for these transfers the cumulative projected deficit on High Needs is £2.404m less at (£4.952m).

If there are any reductions in spend in either of the other funding blocks (CSSB and or Early Years) during 2018/19, the Schools Forum can decide to use these savings towards repaying the High Needs cumulative overspend.

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The High Needs Block has seen increased pressures in recent years across a number of factors, increases in the number of independent placements and costs relating to those placements, historical service provision and partnership arrangements. Nationally the High Needs Block has complex funding arrangements and many authorities are reporting overspends, with the estimated gap nationally in high needs spend in excess of £400m.

Locally this is due to a combination of factors, including insufficient places in our special schools and specialist resource bases, some specialist provision is either not in the best geographical locations or have no local special provision and in some cases having places occupied by children and young people who could be educated in mainstream schools. National issues, also seen in Somerset include additional regulation pressures in mainstream schools impacting on inclusive practice; increased demand from parents for specialist provision; increases in demographic populations and an extension of the age range covered by legislation. The compounded effects of these pressures have resulted in a higher than usual number of children and young people placed in independent placements, either directed by tribunals or led by parental choice. These placements cost on average £20,000 per annum more than in a maintained specialist provision, but in a few cases the costs can be as much as £150,000 more than a maintained specialist provision, however statutorily the LA must provide full time, appropriate education. The authority therefore has limited flexibility, with the requirement for the child or young person's educational needs being the priority, even if the provision is not the most cost effective when resources are limited. Independent placements are fully funded from the high needs budget, unless there are significant health needs and or the child or young person is looked after and then there are contributions from Children's Social Care and the Health authority.

Somerset's Schools Forum have supported the costs of two officers over a fixed term to focus on commissioning practice for children and young people placed in Independent provision, working alongside the casework team to ensure the best value is being achieved and the costs reduce.

The extension of age range relates to changes to the SEND code of practice, which has added substantial unmet costs to the High Needs Block, with the requirement to provide resources extended for young persons from 19 to 25, where they have an EHCP, are attending an educational provision and making progress.

The numbers experienced in Somerset are shown in table 1. The work being undertaken with FE colleges and special school sixth form provisions has seen a reduced number of post 16 specialist independent provision placements, however the extension to 25 has seen an increase in the number of post 19 specialist independent placements from 27 in 2013 to 56 in 2018. The costs have doubled for post 19 from £1.390m in 2013 to £2.612m in 2018, although the average costs have reduced over the same period from £51,517 per student to £46,645 per student.

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Table 1 – Post 16 and Post 19 placements in specialist independent provision

	16 - 18	19	20	21	22	23	Post 19	Post 16 - 25
2013	27	12	7	8			27	54
2014	29	17	8	4	1		30	59
2015	24	17	15	7	2	1	42	66
2016	26	22	15	9	1		47	73
2017	22	20	19	11	1		51	73
2018	14	19	15	18	4		56	70

To manage the resource pressures being experienced in the High Needs budget, the authority in 2014 conducted a thematic review of its specialist provision, its local offer and SEND support services. Prior to this Somerset was seeing an unprecedented increase in the volume of identification which was being driven by an inappropriate audit system, which often led to children and young people being labelled with the incorrect SEND.

The first two aspects have now completed and resulted in the application of a new funding system, from 2016/17 for special schools and resource bases, and in 2018/19 this has been implemented across all mainstream state funded phases from 0-19 years. The focus is to ensure equity and consistency of identification and allocation of resource using descriptors agreed by SEND professionals including schools. This targets resources at those with the greatest special educational needs or disability.

There has been investment in the SEND team to enable assessment of 1,200 children and young people in receipt of high needs funding (under the previous Somerset system) to move into the new funding system who are currently without an Education, Health and Care plan. The LA has also appointed an Assistant Director for Inclusion and are currently restructuring with SSE SEN services as per the thematic review.

The review of LA specialist provision has also resulted in approval for significant investment in the authority's specialist provision, with 50 additional places being created in the last year and a further 157 places planned over the next 4 years. The total capital investment by the authority is in the region of £31.3m.

Table 2 provides details of the authority's investment to increase specialist provision capacity to meet the demands of a growing school population and reliance of independent provision:

Appendix A

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Table 2: Investment in specialist provision by Somerset County Council

Provision	Location	Est cost	New places	Completion date
New & extended Primary ASD base	Westover Green	£800k	8	2018
New Secondary ASD base	Bridgwater College Academy	£900k	20	2018
New & extended Secondary ASD base	Heathfield	£620k	10	2018
New Primary ASD base	Holway Park	£900k	14	Sept 2018
Extending a Primary ASD base	Oaklands	£180k	6	2018
Extending a Secondary ASD base	Preston Academy	£400k	9	Jan 2019
Expanding an existing all through Special school	Selworthy	£9.0m	80	Sept 2019
Replacing and expanding existing Special schools with an all through school	Elmwood & Penrose	£18.5m	60	Sept 2020

Even with this level of investment special places will continue to be under pressure in certain needs types where there is significant demand seen currently and where there is no local provision. These are social emotional, and mental health difficulties (SEMH) and speech, language and communication needs (SCLN) and autism spectrum condition (ASC). The LA has therefore submitted a bid to the DfE for capital funds to request a 120 place free special school for SEMH and SLCN in South Somerset. The outcome will not be known until March 2019

The request to transfer funds from the Schools Block to the High Needs Block is an interim requirement, to contain the pressures and spend, to allow for the management actions relating to the strategic financial plan, time to embed and ensure the High Needs Block is sustainable.

The authority would also utilise the funds to increase the top up values by 2% from April 2019 across early years, mainstream, special and FE provision, to reflect the minimum increases in school per pupil funding in 2018/19 and 2019/20 and towards the unfunded costs of non-teaching staff pay award above the 1% pay cap.

The draft DSG / High Needs strategic deficit recovery plan 2018 – 2022 was published as appendix 1 of the High Needs Schools Forum paper on 3rd October - agenda item 5. The paper can be viewed on iPost using the following link (page 27 – 51 of the document, with the recovery plan starting on page 37)

[Arrangements for children & young people with SEN - agenda item 5](#)

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Question 1:

- a) Do you support the proposal for a transfer of up to 0.5% from the Schools Block to the High Needs Block for 2019/20?
- b) Do you support the proposal to increase the top up values by 2% from April 2019 across early years, mainstream, special and FE provision to reflect the minimum increases in school per pupil funding and the unfunded costs of non-teaching staff pay award above the 1% pay cap?

We would like all respondents to also complete Questions 2 and 3, particularly anyone who does not support the proposal 1. a), as Cabinet members and Schools Forum will require schools and academies preferences / suggestions for them to make decisions to enable saving at least an equivalent amount to 0.5% of the Schools Block £1.5m.

5. Whether to continue or reduce the spending on Combined Budgets (Historical Commitments)

The Central School Services Block (CSSB) provides funding for ongoing responsibilities and historic commitments. The DfE expectation is that expenditure on historical commitments will reduce over time as contracts and other commitments reach their end points. The DfE will continue to monitor this expenditure year-on-year and seek explanations where this is not reducing as expected. We expect from 2020/21 more pressure from the DfE to reduce our historical commitments expenditure as when/if a hard NFF is implemented, as it would not be fair to maintain significant differences in funding between authorities which reflect historic decisions.

However, whilst the DfE operates a soft NFF it will continue to fund the historical commitments at the previously agreed level, therefore any reduction in expenditure can be used to support pressures in other blocks.

During 2018/19, the planned spend on historical commitments was £1.226m less than the funding received and has been used to offset some of the high needs overspend in year and from previous years. The intention is that at least a similar amount will be used in 2019/20 towards high needs if not more, however if there isn't support from schools to transfer 0.5% funds from the schools block, then significantly more will be required from historical commitments and affect the services provided.

Services provided from the Combined Budgets (historical commitments), within the Central School Services Block:

Note: Where there are external contractual arrangements these have been excluded as the authority will not be able to influence the costs whilst the contracts are still valid. The 1610 and Arts Network Contract come to an end during 2019/20 and the funds allocated for these will be available to go towards the High Needs budget.

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Education Welfare Service (EWS) £433,800

The authority provides the EWS for statutory school aged children to ensure they receive their full educational entitlement in terms of attendance and to ensure they are safe in line with Keeping Children Safe in Education guidance. The total funding for the service is £832,200, with £398,400 for statutory and regulatory duties for tracking children missing from education, licencing for child entertainment and employment, elective home education, penalty notices and prosecutions for non-attendance. The DSG funding for the non-statutory, core offer currently provided to schools relates to attendance management and includes advice and guidance via school meetings, a helpline and termly reports; early intervention casework via warning notices; parenting contracts; pre-court and multi-agency meetings for families where attendance is a concern. [Education Welfare Service](#)

Head teacher support £269,900

- A contribution of £50,000 to each of the three phase organisations to support their operational costs and employment of executive officers to represent their membership at school focussed meetings.
- Funding for the area heads meetings, including supply cover £33,000
- The Head teacher support service £61,100 to provide courses and counselling for primary, middle and special school head teachers.
- A £25,800 contribution to the cost of an education safeguarding advisor to provide advice, information and guidance to schools on their safeguarding arrangements and practice. This role supports schools in implementing the national guidance 'Keeping Children Safe in Education' and informed of any changes to safeguarding legislation.

Raising Achievement £440,000

Funds allocated to support the raising achievement of children and young people. In 2018/19 this allocation has been used to support the Team Around the School programme and the Somerset Education Partners programme alongside initiatives by the phase organisations.

14-19 Partnership £200,000

The fund is to support the 14-19 Area Leads hosted by the FE Colleges in the county. This funding is utilised by the partnerships of colleges and schools, to ensure there is additional support for vulnerable young people who are at risk of being 'not in employment, education or training' (NEET) following the transition from KS4, to post-16 provision.

Core ICT and Education Technology £570,100

Provides strategic support and infrastructure with the funding allocated as follows:

Somerset Learning Platform RFS	£194,000
Education Technology Team	£160,100
Education Technology Advisors	£216,000

National Funding Formula for Schools and High Needs 2019/20

Strategic Advice and Support from Education Technology Advisors - £216,000. A popular and well used service that delivers effective technology leadership, support and specialist advice at very low cost. Core elements include:

- Online Safety: Online Safety Chrysalis package for all Somerset schools. Information on the latest news about Online Safety through newsletter, websites and other methods.
- General Data Protection: Access to latest model policies and other Data Protection documents; phone and email support for Data Protection issues; escalation as required.
- DPO: Undertaking role of schools Data Protection Officer where nominated.
- Responding to incidents: Information for schools on responding to emergency online safety / disclosure situations or issues of public concern for GDPR and Online Safety.
- Sharing innovation: Facilitation of county-wide projects to develop effective use of new and exciting technologies within the classroom curriculum.
- Leading local strategy: Facilitation of key liaison and consultation strategies, including taking a lead in the proposal of ICT policy at SASH, SAPHTO and sen.se in conjunction with the ICT Working Group.

Education Technology Team £160,100 and Somerset Learning Platform £194,000

The collective provision and support for a variety of shared technology platforms – principally SLP and schools email – that enable continued effective communication and cooperative working across all Somerset schools. These platforms are undergoing significant rationalisation to meet new and stringent security standards and create more streamlined, updated functionality and reduced cost. They include:

- Managed email service for all school staff and governors that delivers significant connectivity advantage over discrete school owned solutions
- Providing a central information platform for all Somerset schools and academies, including financial and statutory information.
- Provision of school-to-school/CLP and federated school collaboration areas within SLP.
- Development of new functionality and features for the SLP, based on requests from federations, partnerships and individual schools and academies.
- Secure document access and alerts. Impartial advice and practical support for technology projects such as new builds and refurbishments.
- Ongoing support for schools' post-WAN transfer.

Parent Family Support Advisors £1,777,300

Contribution towards the salary and associated costs of 62 PFSA's employed by schools. PFSA's provide level 2 support to children and young people and their families and through this support schools in fulfilling their statutory duties under Keeping Children Safe in Education.

National Funding Formula for Schools and High Needs 2019/20

Vulnerable Learner Support teams £822,400

Funding for advisory support teams for Children Looked After, Ethnic Minority and Traveller children and young people and consists of:

- **Virtual School Children Looked After team £261,100**
Providing support to increase attainment and educational stability of children in care (CiC), through the provision of education support workers; the monitoring of personal education plans (PEPs) and provision of targeted letterbox educational resources. Provides specialist knowledge, advice, guidance and training re educational systems and legislation relating to CiC. Tracks and monitors educational progress and casework consultation. Training for adults who support CiC on educational aspects. This supports school statutory duties to Children Looked After.
- **Ethnic Minority Achievement team £292,900**
Support for schools in meeting the needs of English as Additional Language (EAL) learners and underachieving pupils from minority ethnic groups, with a particular focus on supporting schools with the assessment of pupils with EAL, staff development, whole school support and advice on meeting the needs of pupils not progressing as expected. This supports school statutory duties to vulnerable learners.
- **Traveller Education Service £186,700**
Support for pre-school and school age Travellers and families; support for schools, including targeted work with C&YP, home-school liaison and advice/consultancy. This supports school statutory duties to vulnerable learners.
 - support access to education
 - improve attendance
 - raise attainment
 - raise awareness of cultural issues
- **Ethnic Minority Achievement and Traveller Education Service (EMATES) £81,700**
Contribution to the management costs of supporting vulnerable learners and the vulnerable learner champion.

National Funding Formula for Schools and High Needs 2019/20

Question 2:

Please identify from the services listed on the response form, which you would prefer the authority to spend less on, to support pressures in high needs.

Please identify from the services listed on the response form, which you would prefer the authority to stop funding, to support pressures in high needs.

Please note the consequence of a reduction in funding or ceasing funding altogether will be an increased charge to schools for services which move to traded support, or a reduction or stopping of the service and therefore schools and academies having to provide these in house or source from elsewhere.

Any such changes will additionally be subject to the relevant consultations with staff and with service users potentially impacted by any proposed changes.

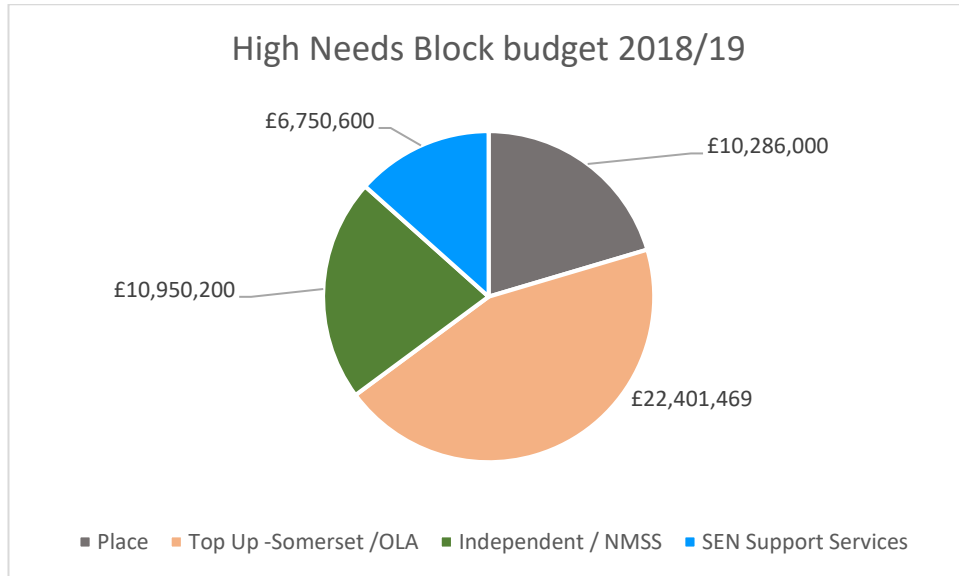
6. Whether to continue or reduce discretionary services funded from the High Needs Block

As already described the high needs budget provides funding for the statutory provision of education through places in special schools, resource bases, pupil referral partnership schools, FE colleges, top up funding for pupils with high needs and fees for independent provision.

The authority expects the number of commissioned placements in maintained or academy / free special schools to increase as it builds capacity and investment in extra places, to reduce the reliance on the independent sector, thus supporting a more inclusive approach to local education, in both mainstream and special. The authority's aim is to reinvest some of the savings from making cost effective placements, into increasing the top up values to ensure early years providers, schools and colleges have greater resources to support children and young people with SEND. The areas where there is potential to reduce spend, apart from reducing the number and cost of independent placements, are the SEND support services which often include discretionary services the authority historically has chosen to provide.

The chart below shows the level of spend planned in 2018/19 on commissioned places, top up funding with early years providers, maintained school, academies and FE colleges, independent provision and SEN support services.

National Funding Formula for Schools and High Needs 2019/20



The SEND Support Services provided from the High Need Block in 2018/19 are as follows:

Learning Support Service £589,200

Advice, support and training to schools and individual pupils. This includes SENCO support, SEN systems support, the implementation and support of the Inclusion Audit, dyslexia and dyscalculia formal assessments, co-ordination and support for pupils with general learning difficulties.

Education Psychology Service £1,029,700

The funding provides statutory work and a core non-statutory service to all Somerset schools and preschools based on an index of need operating through a Plan Do Review (PDR) process. The EPS also receive some local authority funding for statutory work.

Portage Service £318,400

Provides a range of home visiting through nationally trained Portage workers supporting children with SEND in early years and their families. Their service also provides support through multi-agency working through PERSCEY (Portage Early Response for Social Communication in the Early Years).

Physical Impairment and Medical Support £350,200

Advice, support and training to schools, parents and individual pupils, includes alternative and augmentative communication and SENITAS.

Hearing Impairment Service £785,900

Advice, support and training for children and young people 0-25 years, parents and educational establishments. This includes hearing assessments and support with radio aids and specialist equipment as required. The service works closely with Health on the new-born hearing screening programme (NHSP). They work with families to help explain how a baby's hearing is tested. And the equipment used for the tests.

National Funding Formula for Schools and High Needs 2019/20

Visual Impairment Service £261,900

Advice, support and training to pre-schools, schools, parents and individual pupils. This includes access to specialist assessments, support with specialist equipment and habitation support.

Autism and Communication Service £549,200

Advice, support and training to schools, FE colleges, parents and individual pupils, operation of off-site ASD bases, attendance at multi agency groups.

Somerset Total Communication £30,400

Provision of training and resources for the STC programme.

Time Together £134,400

Home visiting service to promote positive interaction between parents and their children.

TEAM Teach £19,600

Delivery of training regarding physical restraint for young people.

Early Years Area SENCOs £560,200

This service supports early years settings with the assessment of young children with SEND as well as supporting SENCOs in early years settings through training and advice. The Early Years Area SENCOs also support the transition of children with SEND from early years to school. The service oversees the multi agency intervention and support in early years (MAISEY) and tracking of young children with SEND.

Alternative Provision and Outreach £4,703,600

The High Needs budget also funds the provision of alternative education for children at risk of exclusion, known as partnership funding for PRUs and area behaviour partnerships. This is in addition to the provision of places and top up funding for pupils permanently excluded, children unable to attend school due to medical conditions and those in short term placements awaiting school registration.

The behaviour partnership funding is £4,081,300 and the PRU outreach funding is £622,300, the authority will be exploring the most effective arrangements for AP commissioning and funding in Somerset as presently, the full cost of provision is being met from the high needs budget which is under considerable financial pressure. The authority will be looking to share responsibility across schools for AP commissioning, funding and accountability.

Special School Outreach and Learning Support Centres £566,900

The LA also fund special schools to provide Learning Support Centres with resources for mainstream schools to support inclusive practice £200,000 for 5 LRCs and fund Outreach from special schools to mainstream schools £366,900.

These arrangements have not been co-ordinated or monitored and the LA are currently reviewing the arrangements and provision for outreach to support mainstream schools as part of the thematic review of SEND services.

National Funding Formula for Schools and High Needs 2019/20

Question 3:

Please identify from the SEND services listed on the response form, which you would prefer the authority spend less on, to be able to support other pressures in high needs.

Please note the consequence of a reduction in funding will be an increased charge to schools for services which move to traded support or a reduction of the service and therefore schools and academies having to provide these in house or from external sources elsewhere.

Any such changes will additionally be subject to the relevant consultations with staff and with service users potentially impacted by any proposed changes.

The closing date for responses to this consultation is **Wednesday 21 November 2018** and the results will be reported to the Schools Forum on 27 November 2018.

The consultation 2 response form can be found on iPost using [IPOSTID-2-6680](#)

If you require any further information or explanation, please contact the SFAT Helpline: 01823 359771 or email: CYPFinance@somerset.gov.uk

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National Funding Formula for Schools and High Needs 2019/20

1. Schools Consultation on Proposed Formula Changes for 2019/20

1.1. A total of 34 responses were received out of 266 schools, representing a 13% response rate to consultation 1. The results of each proposal is summarised below.

1.2. Q1(a): Do you wish to submit an application for exceptional circumstances?

Local authorities may request the inclusion of additional factors in their formula for exceptional circumstances. Additional factors may be approved in cases where the nature of the school premises gives rise to a significant additional cost, greater than 1% of a school's total budget and where such costs affect fewer than 5% of the schools (including academies) in the authority's area.

Two requests were submitted and neither of these meet the criteria.

1.3. Q1(b): Do you support the proposal to change the methodology used to calculate allocations in respect of Private Finance Initiative (PFI) contracts? The proposal is to cap the formula calculation for the individual school's contribution at the newly revised pupil number capacity.

28 out of 31 responses (90%) supported this proposal

1.4. Q2(a): Do you support the proposal to set the Minimum Funding Guarantee per pupil at -1.0% for year on year changes in pupil characteristics, e.g. reducing levels of deprivation or low prior attainment?

25 out of 33 (76%) supported this proposal.

1.5. Q2(b): Do you support the proposal for an alternative gains cap for schools who gain more than 15% through the NFF compared to 2017/18?

20 out of 30 responses (67%) supported this proposal.

1.6. Q3: Please indicate whether you wish to see budgets for schools in financial difficulty, FSM eligibility checking, insurances, licences and subscription, care first, maternity cover and trade union facilities time de-delegated.

A response is required for each service to enable Schools Forum representatives to make a decision on behalf of mainstream maintained schools.

This applies to LA maintained mainstream schools only and the outcome to this question is provided in the table below:

National Funding Formula for Schools and High Needs 2019/20

	Primary			Middle/Secondary		Totals	
	Yes	No		Yes	No	Yes	No
Schools in financial difficulty	7	1		2	2	9	3
FSM Eligibility checking service	8	0		3	1	11	1
Insurance	8	0		4	0	12	0
Licences & subscriptions	8	0		3	1	11	1
Staff costs: Care First	8	0		2	2	10	2
Staff costs: Maternity	8	0		4	0	12	0
Staff costs: TU Facilities time	6	2		4	0	10	2

- 1.7.** Q4(a): Please indicate whether you wish to contribute to responsibilities the LA hold for maintained schools previously funded by the Education Services Grant (ESG) general rate. A response is required to enable Schools Forum representatives to make a decision on behalf of maintained schools.

This applies to LA maintained mainstream schools only, 11 schools responded with 9 supportive (82%) and 2 against.

- 1.8.** Q4(b): Please state whether you agree that maintained schools should contribute towards the costs of school redundancies previously funded by the ESG general rate? A response is required to enable Schools Forum representatives at the to make a decision on behalf of maintained schools.

This applies to LA maintained mainstream schools only. There were 12 responses to this proposal, 4 were in support (33%) and 8 were against (67%).

2. Consultation on changes for 2019/20 for Schools and Academies

- 2.1.** A total of 75 responses were received out of 267 schools, representing a 28% response rate to consultation 2. The results are summarised below.
- 2.2.** Q1(a) Do you support the proposal for a transfer of up to 0.5% from the Schools Block to the High Needs Block for 2019/20?

The results were 24% in favour and 76% against. There were 75 responses split 18:57, representing 28% of schools. The analysis is as follows:

School Phase	No of schools	% response	Responses		% Response	
			Yes	No	Yes	No
Primary	215	20.47%	11	33	25.00%	75.00%
Middle/Secondary / All through	39	64.10%	1	24	4.00%	96.00%
Special/PRUs	13	46.15%	6	0	100.00%	0.00%
Totals	267	28.01%	18	57	24.00%	76.00%

National Funding Formula for Schools and High Needs 2019/20

The majority of responses were from academies, 43 out of 96 academies (44.79%), whereas 32 responses were received from 171 maintained (18.71%).

The LA organised a number of briefings to ensure schools and academies were informed of the pressures on High Needs and had an opportunity to ask questions. There were 43 attendees across the 3 events representing 29 schools. Of those schools represented, 20 completed the consultation response form, 7 in favour and 13 against (35%:65%). The low level of responses from primary schools was evident, only 11 primary schools attended the consultation, overall 14% of maintained primary schools (21 out of 150) completed a response, compared with 35% of academy primaries (23 out of 65).

2.3. Q1(b): Do you support the proposal to increase the High Needs top up values by 2% from April 2019 to reflect the minimum increases in school per pupil funding and the unfunded costs of the non-teaching staff pay award above the 1% pay cap?

77% of schools and academies responding to this proposal were supportive of an increase in the value of the High Needs top up funding.

2.4. Q2: Please identify from the services listed on the response form, which you would prefer the authority to spend less on (reduce) or to cease funding to enable a transfer to support pressures in high needs in 2019/20.

The views of schools and academies to this question is provided in the table below:

Service	Primary			Middle/Secondary/ Special/PRUs			Totals		
	Continue	Reduce	Cease	Continue	Reduce	Cease	Continue	Reduce	Cease
Education Welfare Service (EWS)	22	14	1	15	9	7	37	23	8
Head teacher support:									
Contribution to phase organisations	10	23	4	10	13	8	20	36	12
Area Heads meetings	14	21	2	4	13	13	18	34	15
Head teacher support services	24	9	4	3	11	17	27	20	21
Contribution to Safeguarding Advisor	35	1	1	21	5	5	56	6	6
Raising Achievement	15	18	4	8	10	11	23	28	15
14-19 Partnership	8	15	10	9	8	14	17	23	24
Core ICT and Education Technology	22	14	1	9	14	8	31	28	9
Parent Family Support advisors	36	2	0	29	0	0	65	2	0
Virtual School CLA team	18	18	1	17	9	5	35	27	6
EMA team	17	17	2	8	14	9	25	31	11
Traveller Education Service	14	19	3	10	13	8	24	32	11

National Funding Formula for Schools and High Needs 2019/20

- 2.5.** Q3: Please identify from the SEND services listed on the response form, which you would prefer the authority spend less on, to be able to support other pressures in high needs

The views of schools and academies to this question is provided in the table below:

Service	Primary		Middle/Secondary		Totals	
	Continue	Reduce	Continue	Reduce	Continue	Reduce
Learning Support service	33	1	17	0	50	1
Education Psychology service	35	1	22	14	57	15
Portage service	22	13	7	9	29	22
Physical Impairment & Medical Support	34	2	20	24	54	26
Hearing impairment service	32	3	22	11	54	14
Visual Impairment Service	33	2	20	9	53	11
Autism service	31	5	20	9	51	14
Somerset Total Communication	18	17	7	11	25	28
Time Together	12	22	3	23	15	45
TEAM Teach	9	25	10	28	19	53
Early Years Area SENCOs	31	5	16	21	47	26
Alternative Provision and Outreach	33	4	22	15	55	19
Special school Outreach and Learning Support Centres	23	13	18	9	41	22

Somerset County Council

Notice of key decision



The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 – Regulation 10

In accordance with the Council's Access to Information Procedure Rule 4, as set out in the Council's Constitution, notice is hereby given that the following Key Decision, which has not been included on the Cabinet forward plan for the required 28 days is to be considered by the Cabinet on Wednesday 23rd January 2019.

**National Funding Formula for Schools and High Needs
2019/20**

Contact Officer / Author: Elizabeth Watkin – Strategic Finance Manager,
ewatkin@somerset.gov.uk Tel: 01823 359573

Reasons

It is proposed to take a key decision on this matter on the date shown above. It would be impracticable to defer the decision until it has been included in a published version of the Forward Plan for the required 28 days.

Circulation:

Leader of the Council
Cabinet Members
Chairmen of Scrutiny Committee for Polices and for Place, for Adults and Health and Children & Families
All County Council Members
Public notice board at County Hall, Taunton

15 January 2018
Scott Wooldridge
Monitoring Officer

For questions about this notice please contact Scott Wooldridge, Governance Manager, Democratic Services, County Hall, Taunton, TA1 4DY. Tel: 01823 357628

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Decision Report – Key decision
– 23 January 2019

Admission Arrangements for Voluntary Controlled and Community Schools for 2020/21

Cabinet Member(s): Cllr F Nicholson – Cabinet Member for Children & Families Division and Local Member(s): All

Lead Officer: Phil Curd, Strategic Manager, Access & Additional Learning Needs

Author: Jane Seaman, Access & Admissions Manager

Contact Details: Tel: 01823 (355615)

	Seen by:	Name	Date
Report Sign off	County Solicitor	Honor Clarke	4/01/19
	Monitoring Officer	Scott Wooldridge	4/01/19
	Corporate Finance	N/A	
	Human Resources	N/A	
	Property / Procurement / ICT	N/A	
	Senior Manager	Julian Wooster	6/01/19
	Local Member(s)	All members	
	Opposition Spokesperson	Cllr Jane Lock – Opposition Group Spokesperson - Children & Families	
	Relevant Scrutiny Chairman	Cllr Leigh Redman for Scrutiny Children & Families	
	Cabinet Member	Cllr Frances Nicholson – Cabinet Member for Children & Families	13/01/19
Forward Plan Reference:	FP/18/10/08		
Summary:	<p>This report seeks authority for Cabinet to determine the Local Authority admission arrangements for all Voluntary Controlled and Community schools for 2020/21 as required by the School Admissions Code and associated legislation.</p> <p>The current approved arrangements were endorsed by the Cabinet in February 2018.</p>		
Recommendations:	<p>That the Cabinet agrees the determination of the Admission Arrangements for all Voluntary Controlled and Community Schools for 2020/21 as set out in this report, noting that there are no proposed amendments as the current arrangements are fit for purpose.</p>		

Reasons for Recommendations:	It is a requirement of the School Admissions Code that all Admission Authorities determine their admission arrangements for 2020/21 by 28 February 2019.
Links to Priorities and Impact on Service Plans:	<p>Links to the County Plan</p> <ul style="list-style-type: none"> • Continue to protect and care for the most vulnerable children, adults and families in the community and support their carers. • Improve the prospects of children and young people most at risk of being disadvantaged.
Consultations undertaken:	There are no proposed changes however, the School Admissions Code December 2014 stipulates that Local Authority admission arrangements for Voluntary Controlled and Community schools must be determined by the Admission Authority by 28 February each year. The School Admissions Code is national statutory guidance issued by the Department for Education which all admission authorities must adhere to.
Financial Implications:	There are no financial implications. The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.
Legal Implications:	The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.
HR Implications:	There are no HR implications. The admission arrangements meet the requirements of the School Admissions Code and the Schools Standard and Framework Act 1998.
Risk Implications:	There is minimal risk to the Local Authority as the admission arrangements proposed are compliant with the School Admissions Code.
Other Implications (including due regard implications):	The impact is minimal as there are no proposed changes to the admission arrangements for Voluntary Controlled and Community schools and the Local Authority as the Admissions Authority is compliant with the School Admissions Code 2014.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

- 1.1. The School Admissions Code 2014 requires all admission authorities to determine their 2020/21 admission arrangements by 28 February 2019. Where changes are proposed to admission arrangements, the admission authority must first publicly consult on those arrangements for a minimum of 6 weeks between 1 October and 31 January the year before those arrangements are due to apply. Once all arrangements have been determined, arrangements can be objected to and referred to the Schools Adjudicator by 15 May. Any decision taken by the adjudicator must be acted upon by the admission authority.

2. 2020/21 Admission Arrangements

- 2.1 The 2019/20 admission arrangements for Somerset Voluntary Controlled and Community schools are still fit for purpose, are clear and transparent and support the principle of local schools for local children. Therefore, there are no changes proposed when considering the 2020/21 admission arrangements. It is proposed that the 2019/20 admission arrangements are therefore used for the 2020/21 admission arrangements.

3. Background papers

School Admissions Code 2014

[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389388/School Admissions Code 2014 - 19 Dec.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389388/School_Admissions_Code_2014_-_19_Dec.pdf)

Local Authority 2020/21 Primary Admission Arrangements

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/LA%20primary%20arrangements%202020%20FINAL.pdf>

Local Authority 2020/21 Primary Co-ordinated Scheme

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/Primary%20Coordination%20Scheme%202020%20DRAFT.pdf>

Local Authority 2020/21 Secondary Admission Arrangements

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/LA%20secondary%202020%20arrangements%20FINAL.pdf>

Local Authority 2020/21 Secondary Co-ordinated Scheme

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/Secondary%20Coordination%20Scheme%202020%20DRAFT.pdf>

Sixth Form Policy 2020/21

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/Sixth%20Form%20Policy%202020-21%20DRAFT.pdf>

2020/21 Published Admission Numbers for VC and Community schools

<https://somersetcc.sharepoint.com/sites/SSE/ADM/CONS/2020-21%20LA%20Admission%20Arrangements/2020%20DRAFT%20Published%20Admission%20Numbers.pdf>