

---

To Chairs of Governors and Headteachers  
All Primary, Secondary and Special Schools

Dear Colleague

### **FAIR FUNDING CONSULTATION 2003**

Consultative Document on suggested variations to Norfolk's Scheme for Financing Schools, to take effect from 1 April, 2004.

The period of consultation this year will end on 19 December 2003.

The enclosed consultation document and technical papers are intended to provide information in respect of the Fair Funding changes and other significant and technical changes that it is proposed should be implemented from April 2004.

The document seeks comment, agreement and suggestions on the proposed changes to the existing Scheme. All replies are collated and considered by the Education and Cultural Service Review Panel prior to decision on changes being made.

The information is provided at two levels – the main consultative document and, where appropriate, technical papers. A copy of the consultative document and technical papers is sent to every Chair of Governors and Headteacher. The consultative document is also being sent to the Clerk to the Governing Body and the Chair of the Finance Sub-Committee.

The next issue of AGENDA will include an overview of all the proposals. This is sent to all Governors direct. If County Hall has not received details of recent appointments these governors will not be included in our mailing list. Please contact the above number for additional copies of AGENDA, the consultation document or technical papers.

Schools are requested to respond to the consultation online at [www.norfolkesinet.org.uk](http://www.norfolkesinet.org.uk) under 'Schools Management' then 'Headteachers' and then 'Fair Funding' by 19 December 2003. A hard copy of the response sheet has been sent to schools for ease of completing the soft copy via the website.

Five briefing meetings have been arranged to provide further information on the proposals as follows:

<b>6 November 2003</b>	<b>Springwood High School, Kings Lynn</b>	<b>7pm – 9pm</b>
<b>10 November 2003</b>	<b>The Blyth Jex High School, Norwich</b>	<b>7pm – 9pm</b>
<b>11 November 2003</b>	<b>Long Stratton High School</b>	<b>7pm – 9pm</b>
<b>12 November 2003</b>	<b>Great Yarmouth High School</b>	<b>7pm – 9pm</b>
<b>13 November 2003</b>	<b>Fakenham High School</b>	<b>7pm – 9pm</b>

---

There will be presentations covering the whole of the consultation document and an opportunity for questions. Any members of the Governing Body are welcome to attend.

Maps showing the location of each of the above schools have been sent to all schools already. Unfortunately the map showing Fakenham High School was incorrect and an amended version is enclosed.

Yours sincerely

Director of Education

## **SCHEME FOR FINANCING SCHOOLS**

### ***PROPOSED CHANGES 2004/2005***

**Norfolk is committed to revising its Scheme for Financing Schools and resource distribution formula as circumstances require.  
Now is the time to start considering changes for 2004/2005.**

*The purpose of this paper is to provide information and to seek comment, agreement and suggestions on changes required by the DfES and proposed changes originating from within Norfolk. It is an important part of Norfolk's commitment to work with schools and respond to their needs. This document will also be the basis for consultation with the local Diocesan Authorities to continue the working partnership which supports voluntary aided schools.*

#### **CONSULTATION PROCESS**

*This paper contains all the proposed changes for the financial year 2004/05.*

**THE PERIOD FOR CONSULTATION BASED ON THIS  
DOCUMENT WILL BE:**

**13th OCTOBER to 19<sup>th</sup> DECEMBER, 2003**

#### **BRIEFING MEETINGS**

---

Briefing meetings to provide further information on the proposals have been arranged as follows:-

<b>6<sup>th</sup> November 2003</b>	<b>Springwood High School, Kings Lynn</b>	<b>7pm – 9pm</b>
<b>10<sup>th</sup> November 2003</b>	<b>The Blyth Jex High School, Norwich</b>	<b>7pm – 9pm</b>
<b>11<sup>th</sup> November 2003</b>	<b>Long Stratton High School</b>	<b>7pm – 9pm</b>
<b>12<sup>th</sup> November 2003</b>	<b>Great Yarmouth High School</b>	<b>7pm – 9pm</b>
<b>13<sup>th</sup> November 2003</b>	<b>Fakenham High School</b>	<b>7pm – 9pm</b>

*Details about the briefing meetings were sent out in MI sheet 201/03.*

## **PROCESS OF FORMULATING PROPOSALS**

The Education Act 2002 made it a legislative requirement for each Local Authority to set up a Schools Forum. This body must be consulted about certain school funding issues. Norfolk Schools Forum has been involved in the development of the proposals contained within this consultative paper.

## **SCHOOL RESPONSES**

The Education and Cultural Service Review Panel will take all views into account when considering the proposals and therefore it is important that **ALL SCHOOLS** respond. It would be helpful if the response sheet is used by each school to produce a composite **SINGLE SCHOOL** response.

## **CONSULTATION RESPONSES**

A hard copy of the Response Sheet has been enclosed with this document for ease of working but responses should be made electronically.

To do this go to [www.norfolkesinet.org.uk](http://www.norfolkesinet.org.uk) under 'School Management and Governance' then 'Headteachers' and then 'Fair Funding'.

## **REQUESTS FOR FURTHER INFORMATION**

---

*Any queries or requests for further information may be addressed to:*

*Benita Ogg (01603-222877; [benita.ogg.edu@norfolk.gov.uk](mailto:benita.ogg.edu@norfolk.gov.uk))*

## **THE CONSULTATIVE PAPER**

**The information available to governors, headteachers and teachers  
has been prepared in THREE levels of detail:**

### **SUMMARY PAPER:**

A summary of the main proposals this year will be included in Norfolk Agenda.  
This is distributed to all governors.

### **CONSULTATION PAPER:**

This document forms the main Consultative Paper, which sets out the information on the proposals and the purpose and principles of suggested changes to the Scheme for Financing Schools and the resource distribution formula. This contains sufficient information to understand the proposals in general terms. The Annex provides definitions of some of the terms used in this document.

This Consultative Paper is being sent to headteachers, chairs of governors, chairs of finance committees and clerks to governors.

### **TECHNICAL PAPERS:**

Where appropriate, technical papers provide supporting calculations for proposed changes.

Technical papers are sent to headteachers and chairs of governors.

*If any governor would like copies of the main Consultative Paper or technical papers these can be obtained from Benita Ogg (01603-222877; [benita.ogg.edu@norfolk.gov.uk](mailto:benita.ogg.edu@norfolk.gov.uk).) A copy can also be accessed at [www.norfolkesinet.org.uk](http://www.norfolkesinet.org.uk) under 'School Management & Governance' then 'Headteachers' and then 'Fair Funding'.*

### **The main consultation paper is set out in two sections:-**

- |                           |  |
|---------------------------|--|
| <b>A) Formula Changes</b> | - proposed changes to Norfolk's resource distribution formula.           |
| <b>B) Scheme Changes</b>  | - proposed changes to the operation of the Scheme for Financing Schools. |

### **SCHOOL FUNDING GUARANTEE (Information Paper)**

---

## National Funding Situation

The Secretary of State has made clear that the key priority in respect of school funding for 2004/05 is to ensure all schools receive a reasonable per pupil settlement. To meet this goal the DfES is discussing with national partners how best to ensure:

- sufficient education funding increase for every LEA
- the right balance between support through general grant and ring-fenced and targeted grant
- confidence that schools and pupils receive money intended for them
- the right balance between in-school and out of school provision
- fair and appropriate variations in the budget increases received by different schools within each LEA
- the workforce reform, in line with the National Agreement, can be sustained

The so-called 'per pupil funding guarantee' will provide certainty and predictability for the level of school budgets in both 2004/05 and 2005/06. The detailed arrangements for calculating the guarantee have yet to be established, however, the principle implies that all schools will receive a guaranteed percentage per pupil uplift in funding from the funding provided to the Council for the Schools Budget.

The DfES has begun to outline how the new arrangements might work and the issues LEAs will need to address in its implementation. Final details are awaited.

## What Might the Per Pupil Funding Guarantee Mean?

The DfES intention would appear to be to guarantee for every school an increase in per pupil funding sufficient to cover funding pressures arising in 2004/05 and to contribute to resolving funding problems left over from 2003/04.

In recent correspondence the DfES have asked LEAs for assistance in modelling minimum per pupil funding guarantees at 3.5%, 4% and 4.5%. The projected national increase in school funding in 2004/05 is 5.5%.

In considering how the guarantee will work the DfES has considered each of the various funding streams that schools receive.

The individual school's publicly funded budget includes four main elements:

- School's Budget share – funded by the LEA via Fair Funding arrangements
- post 16 allocation – funded by the Learning and Skills Council
- the Standards Fund – jointly funded by the DfES and local authority but with priorities driven by the DfES
- the School Standards Grant – funded by the DfES

---

Looking at this is a diagrammatic way we see the pattern shown in Diagram 1 on page 6. Each of the various funding streams is driven by a number of factors, the diagram only identifies those factors related to the Fair Funding school funding stream but similar factors apply to the other funding streams.

The first question the DfES has to address is which of the funding streams does the per pupil funding guarantee apply to? Once this first question is answered, the second question is how will the guarantee be calculated on those funding streams?

### **What will the Guarantee Cover?**

The DfES has indicated that the guarantee will be based on the school's budget share i.e. funding distributed via the Fair Funding arrangements.

For post-16 funding allocations, the DfES has indicated that the Learning and Skills Council will provide each school with a guaranteed minimum increase in funding equivalent to the per pupil guarantee for schools.

The statement from the Secretary of State indicated that the level of Standards Fund support would be maintained at the 2003/04 levels in real terms by adding inflation to the 2003/04 funding. Given this step the DfES state they have dealt with the Standards Fund and it will not therefore need to form part of the funding guarantee provided by the LEAs.

The DfES has also indicated it will make any necessary adjustments to School Standards Grant.

The per pupil funding guarantee will therefore apply only to LEA funded element of the school's budget share ie the funding distributed via the Fair Funding arrangements.

### **Details Being Considered?**

The DfES is currently consulting LEAs on a number of questions about how the guarantee might be implemented.

Four of the initial questions are

- a. Which items ought to be excluded from the baseline and the guarantee e.g. rates, class based funding, etc?
- b. How should the baseline be adjusted to reflect changes not in the school's control, e.g. SEN pupils, especially those with statements?
- c. Is it sensible to deliver the guarantee by adjusting the various fair funding components or is introducing a final override factor the only practicable option?
- d. How should prior-year adjustments be treated?

---

## **Further Information**

---

It is intended to produce more detail on these proposals when the DfES has announced the arrangements. This information should be available for discussion at the Fair Funding Briefing Meetings.

## **Section A) FORMULA CHANGES**

---

## **Funding Arrangements to Prevent Exclusion and to make Provision for Pupils Excluded from School**

### **Purpose**

To introduce a funding mechanism for the reintegration of excluded pupils into mainstream schools and to enable the LEA and schools to prevent the use of unnecessary exclusion and to provide full time education for all pupils.

### **Factors to Consider**

From 1999 - 2002 a specific grant was available (Pupil Retention Grant - PRG) from the Standards Fund for Social Inclusion and Pupil Support (SIPS). The Pupil Retention Grant element was only available to secondary schools in order to reduce exclusions, set up alternative placements and provide tuition.

The main purpose of this Grant was to ensure:

- From September 2003 all pupils who were permanently excluded from school would receive full time education.
- Equally those who were temporarily excluded for between 16 to 45 days would receive full time tuition.

For 2002/3, in keeping with the Standards Fund requirements, approximately £1.4 million was devolved to secondary schools to provide a range of measures to support pupils. An average recharge was made of £4,000 per permanent exclusion. This was used to provide alternative tuition.

In addition £416,000 of Standards Fund was held centrally (non Pupil Retention Grant) to provide additional staff who supported primary schools through a rapid response to help schools to prevent exclusions, to set up managed moves for individual pupils at risk of exclusion and to make alternative provision for excluders.

Since the introduction of this approach schools in partnership with the LEA have achieved:

- A significant reduction in permanent exclusions (from 176 in 1999 to 64 in 2003)
- A reduction in primary phase exclusions to 11 in 2003
- The establishment and support of the managed moves initiative
- The provision of full time education in keeping with DfES expectations

The Social Inclusion Pupil Support Grant including the Pupil Retention monies was ceased by the DfES at the end of the financial year 2002/3. Therefore for 2003/4 temporary arrangements have been put in place for this year only (e.g. using the Vulnerable Children Standards Fund) in order to retain the current level of central support to schools; namely 27 central staff deployed across the whole of the County for both primary and secondary schools.

---

It is proposed that long term arrangements be introduced to continue the good practice outlined above, to ensure the requirements of the appropriate Best Value Performance Indicators are met, and to continue to support individual pupils who are at risk of exclusion or who have been excluded from school.

The cessation of the Standards Fund Grant for Social Inclusion Pupil Support has left a funding shortfall of £0.8 million if the current level of service to all schools as described earlier is to continue. The DfES encouraged LEAs and schools to consider setting up a similar system within Fair Funding when the Standards Fund monies ceased.

The current practice of an automatic deduction of the proportion of the AWPAs received for an excluded pupil would continue to apply within these proposed arrangements.

### **Conclusions**

It is proposed that similar long-term arrangements should be in place with effect from April 2004 to continue with an agreed mechanism in order to:

- Support the continued reduction in school exclusion and to help with school based prevention strategies
- Enable the LEA to fulfil their commitment to provide full time education for those excluded from school
- Provide adequate funding for pupils reintegrating into alternative school(s) or into central provision (e.g. Pupil Referral Unit or Visiting Teacher Service)

The proposed mechanisms to be considered are as follows:

#### **Option 1**

To retain £0.8 million centrally to continue with the current approaches for both primary and secondary schools as outlined above, this would be funded by a reduction in all AWPAs.

#### **Option 2**

To retain £0.4 million centrally for the provision of support to all primary schools (as in 2002/3)

#### **And**

To hold back £0.4 million from the schools budget and devolve this to all secondary schools as a behaviour inclusion fund with a recharge element of £5,000 per annum per pupil excluded payable to the LEA to fund alternative educational provision.

Funds would be devolved to secondary schools at the beginning of the financial year using a formula based on free school meal entitlement on a ring-fenced basis. A maximum annual deduction would apply which would be a limit no greater than a school's devolved sum per annum.

This would be funded by a reduction in all AWPAs.

#### **Option 3**

---

To devolve £0.4 million to all secondary schools using a formula based on free school meal entitlement with no provision for preventative support in primary schools. Primary schools would need to fund their own support from within existing delegated budgets.

This would be funded by a reduction in Year 8-11 Years AWPAs.

Option 4

To retain £0.4 million centrally for primary schools to develop their preventative approaches with no provision for secondary schools who would make their own arrangements within existing delegated budgets.

This would be funded by a reduction in Year R-6 Years AWPAs.

**Impact**

***Distribution method –***

Option 1 – £0.8m would be held centrally to provide support to all schools.

Option 2 - £0.4m would be held centrally for support to primary schools, £0.4m would be devolved to secondary schools using a formula based on free school meal entitlement as shown on the technical paper.

Option 3 - £0.4m would be devolved to secondary schools using a formula based on free school meal entitlement as shown on the technical paper.

Option 4 - £0.4m would be held centrally for support to primary schools.

***Schools Affected –***

Option 1 – All schools

Option 2 – All schools

Option 3 – All secondary schools

Option 4 – All primary schools

***Total cost –***

Option 1 - £0.8m funded by a reduction in all AWPAs of approximately £7.50.

Option 2 - £0.8m funded by a reduction in the AWPAs for Years R to 7 of approximately £5.70 and for Years 8 to 11 of approximately £11.15. £0.4m would be devolved back to secondary schools based on free school meal entitlement.

Option 3 - £0.4m funded by a reduction in the AWPAs for Years 8 to 11 of approximately £11.15 which would be devolved back to secondary schools.

Option 4 - £0.4m funded by a reduction in the AWPAs for Years R to 6 of approximately £6.60.

---

### **Proposal**

**Option 1 – It is proposed to retain money centrally to maintain the rapid response service for primary schools and to provide alternative tuition for pupils permanently excluded from school. (*Proposal 1*)**

**Option 2 – It is proposed to retain money centrally to maintain the rapid response for primary schools and to devolve monies to secondary schools with the recharge mechanism. (*Proposal 2*)**

**Option 3 – It is proposed to devolve monies to secondary schools with a recharge mechanism for excluded pupils. (*Proposal 3*)**

**Option 4 – It is proposed to retain money centrally to maintain the rapid response service for primary schools. (*Proposal 4*)**

## **SPECIAL SCHOOL PLACE-LED FUNDING**

---

## **Purpose**

To consider alternative methods of funding special schools with the aim of stabilising funding.

## **Factors to consider**

Special Schools are currently funded on a set number of places. The level of funding each school attracts depends on its needs profile, which is based on the needs of the pupils attending each school measured over three dimensions ie curriculum, care and behaviour. This needs profile is currently adjusted on an annual basis as a result of an audit of each pupil's needs.

The current value of each place is:

Needs Level Category 1	£4,591
Needs Level Category 2	£6,772
Needs Level Category 3	£11,526
Needs Level Category 4	£18,422
Needs Level Category 5	£26,365

The overriding principle of using place-led rather than pupil-led funding was to maintain funding stability. However, changes in the needs profile within the set number of places have led to some special schools experiencing significant fluctuations in funding from one year to the next, eg if a pupil with Needs Level Category 5 leaves the school.

It is accepted that there is seldom an exact match between the set number of funded places and actual pupil numbers at each special school and this can be to a school's advantage or disadvantage. Clearly, given the high cost of provision in special schools, there should not be too great a disparity between funded and actual numbers and, to this end, the set number of places in each special school is reviewed every 2 years.

Some special schools have expressed concern at the effect of fluctuations in the needs profile on school budgets. Others express a wish to be funded on the basis of pupil numbers when the actual number on roll in January rises above the set number of places.

Three options have been modelled to address the above concerns:

- Option 1      continue to use a place-led formula but base the needs profile on a 3-year rolling average;
- Option 2      allocate funding on the higher of set places or actual numbers on the January count;
- Option 3      allocate funding on the higher of set places or actual numbers using 5/12ths of the January count and 7/12ths of the September count.

---

A fourth option would be to retain the status quo but reinforce the process for agreeing the set number of places for the coming financial year.

## **Conclusions**

Option 1 - continue to use a place-led formula but base the needs profile on a 3-year rolling average

Over the last 3 years, the number of pupils with Needs Level Category 1 has fallen. Those pupils with Needs Level Category 2, 3 and 4 have risen and the number of pupils with Needs Level Category 5 has fallen to zero.

Where a pupil is admitted with a high level of need, funding to support that pupil would be diluted through the 3-year average option. Conversely, when a high level needs pupil leaves the school, the financial impact would be felt later than with the current funding method, and the school would have more time to adjust its spending plans.

The technical paper demonstrates how the 2003/04 available resources would be redistributed across the 3-year average model. Five schools would have received less funding than under the current funding method. One school, due to its changing profile, would have seen a significant reduction.

This option would be achieved through the redistribution of existing resources.

Option 2 - allocate funding on the higher of set places or actual numbers on the January count

As outlined above, there is seldom an exact match between the set number of places at a special school and the actual number on roll. In the 2003/04 financial year, only one of the twelve special schools had such a match. Two schools had a number on roll higher than the set number of places and nine had less pupils than funded places.

By distributing available resources for 2003/04 across the higher of set places or number on roll, the technical paper indicates that ten schools would have lost funding and two would have gained, the two gaining schools being those with more pupils on roll than the set number of places.

This option would be achieved through the redistribution of existing resources.

Option 3 - allocate funding on the higher of set places or actual numbers using 5/12ths of the January count and 7/12ths of the September count

This option would produce a similar result to option 2 – the same ten schools would have lost funding and the same two would have gained. The gains and

---

losses would, however, be lower as the September number on roll for the two gaining schools was less than the January number on roll.

Funding would have to be based on the predicted number on roll for the coming September and a reconciliation process would have to be carried out when actual numbers were known.

This option would be achieved through the redistribution of existing resources

Option 4 - retain the status quo but reinforce the process for agreeing the set number of places for the coming financial year.

### **Impact**

***Distribution method*** – available funding would continue to be distributed through the special school model using one of the options above

***Schools affected*** – all special schools

***Total cost*** – all options would be achieved through a redistribution of available resources

### **Proposals**

It is proposed to fund special schools in the future through:

- **Option 1 – continuing to use a place-led formula but base the pupil needs profile on a 3-year rolling average (*Proposal 5*)**
- **Option 2 –allocating available resources on the higher of set places or the actual number on roll on the January pupil count (*Proposal 6*)**
- **Option 3 –allocating available resources on the higher of set places or the actual number on roll using 5/12ths of the January pupil count and 7/12ths of the September pupil count (*Proposal 7*)**
- **Option 4 – retaining the status quo, but reinforce the annual process for agreeing the set number of places for the coming financial year (*Proposal 8*)**

## **SPECIAL SCHOOLS – OUTREACH AND INCLUSION WORK**

---

## **Purpose**

To ensure the outreach and inclusion work between special and mainstream schools can continue and to ensure that any funding is allocated fairly.

## **Factors to Consider**

In accordance with national policy and statutory duties, Norfolk LEA has developed a policy which aims to raise the standard of education for all children in the County. It is also strongly committed to promoting inclusive education for all children and to developing and providing a more responsive and graduated framework of specialist support and provision across Norfolk.

In April 2000, pilot projects funded through a Standards Fund Grant were initiated in 5 special schools and extended in April 2001 to all 12 special schools. The aims were to develop mechanisms to support outreach and inclusion work. The projects have involved three types of work

- Inreach – pupils from mainstream schools attend special schools for specific activities.
- Outreach - support from special school teachers is offered in relation to specific children with complex special educational needs in mainstream schools.
- Social Inclusion - the concept of linked mainstream placements has been developed, allowing children on a special school roll the opportunity to access specific curriculum opportunities within mainstream school settings.

Evaluation of these activities has concluded that the benefits for children in special schools include;

- having an educational experience in their local school leading to enhanced links with peers in their home community,
- enhanced curriculum experiences with mainstream peers and,
- for a small number of pupils, consideration through the Annual Review process of a move back to a mainstream school.

Evaluation indicates that inclusion activities are valued by children, parents and by mainstream and special schools alike. The biggest impact upon children from special school settings is the opportunity for social inclusion.

Evaluation of the pilots as a whole has also highlighted the opportunities for professional development for both special and mainstream school staff through the partnership working between the schools. This enhanced knowledge and expertise is useful to both sectors.

These activities are an important part of Norfolk's development of inclusive education and in line with the latest Government paper on the future role of special schools. Although the costs of the pilot have been met from the Standards Fund there is no certainty that this funding will continue beyond 2004/05. If it does, a transparent and equitable system of allocating funds is required. If no grant funding is available monies will need to be found from within existing budgets if this work is to continue.

---

## **Conclusions**

As part of the evaluation of the project it has become clear that each special school approaches the work in a different way but an objective and equitable model is required to allocate the funds available and a system is required that provides a best fit. In consultation with some of the schools involved with the pilot work, models have been drawn up costing the time involved in the work undertaken. These would provide the basis for allocating funds in future.

However, these models would allocate more funds than are currently available. Schools have managed with more limited resources because not all the staff time spent on this work has been back-filled by others and not all children have required an LSA to accompany them in mainstream schools. It is proposed, therefore, that the costing model should be used as the basis of a transparent allocation mechanism but that monies should be allocated on the basis of the relative proportions not on the absolute costs.

Given continued funding, the inclusion activities would become a more systematic and planned part of the LEA's continuum of specialist provision, complementary to other activities.

The technical paper shows the detail of the costing models.

## **Impact**

***Distribution method*** – the technical paper shows the model that would be used for distribution of the funding available

***Schools Affected*** – those schools involved in the inclusion and outreach project

***Total Cost*** - £250,000 funded from the Standards Fund Grant

## **Proposals**

It is proposed to:

- **Adopt an objective funding model for allocating funds to those schools involved in the inclusion and outreach project (*Proposal 9*)**

## **BUILDING MAINTENANCE PARTNERSHIP POOL**

### **Purpose**

---

To provide a successor scheme to the Building Maintenance Partnership Pool when the current scheme runs out in March 2004.

### **Factors to Consider**

In April 2001 all premises repair liabilities along with the accompanying finance was delegated to schools. The Building Maintenance Partnership Pool (BMPP) was set up in order to give schools the opportunity to effectively hand back a significant part of these responsibilities and the associated risk into a centrally managed pooled insurance type scheme. The scheme was to run for a fixed three-year period ending on 31 March 2004 and to be managed by NPS Property Consultants Ltd who report to an elected board of school representatives. The Board has responsibility for the overall management of the fund.

The BMPP has 396 member schools and the BMPP Board has considered various options for a successor scheme to offer to schools after March 2004.

### **Conclusions**

After consideration of a number of factors outlined in the technical paper, the BMPP Board propose that a new 5-year hand back scheme should be offered to all LEA schools (both community and foundation). However, the Board wishes to consult schools in respect of possible variations that could be incorporated into the successor scheme.

#### **Option 1**

Level 1, this would include all costs associated with servicing of fixed plant and services to meet all statutory listing requirements including:

- Boiler servicing
- Fire alarm servicing
- Intruder alarm servicing
- Testing of the electrical installation
- Gas appliance servicing
- Water quality test
- CCTV

**Note:** Level 1 would not include works arising from the inspections/test/servicing and there would be no guaranteed "level of spend" of the School's premium.

It is envisaged Level 1 would be attractive to Schools who wished to retain control of the majority of the building but pass statutory testing and servicing responsibilities to the BMPP.

The Level 1 membership would be approximately 20% of the delegated budget

---

Level 2 would include all delegated responsibilities, as the existing scheme, including 'insurance cover' with a guaranteed minimum 65% spend at the School.

Level 2 should be attractive to Schools who would wish to see the majority of the responsibilities pass to the BMPP and have the comfort of the 'insurance cover'.

Costs of Level 2 Pool membership would **continue** to be assessed at 85% of the delegated budget for Building Maintenance. Given the overall pressure on school budgets it is intended to consider setting the level 2 contribution for the first year at 65% however this would clearly result in less building BMPP funded expenditure in 2004/05.

### Option 2

As a variation to each of Level 1 and Level 2 it is suggested it may be possible to extend the scheme to include current School retained premises responsibilities, these are:

- Portable Appliance Testing
- Annual Inspection of Playground Equipment
- Annual Inspection of Gymnasium Equipment
- Servicing of Fire Fighting Equipment
- Inspection and Testing of Beams and Hoists.

It is unlikely that any significant reduction in costs of these services would be achieved by including them within the BMPP however it is envisaged that their inclusion would save time in schools managing these functions.

The costs of Option 2 would be to

- increase the Level 1 subscription from 20% of the delegated budget for building maintenance to 25% at Primary and Special Schools and 30% at Secondary, and
- increase the Level 2 subscription from 85% of the delegated budget for building maintenance to 90% at Primary and Special Schools and 95% at Secondary.

### Important Notes

- Due to the complexity of offering various levels and options, it is considered that it would only be practical to operate either Option 1 **or** Option 2 within any scheme.
- New entrants to the BMPP Scheme would be subject to survey to ensure that no undue liability was being passed to the member Schools.
- Schools that become part of a PFI contract will automatically leave the BMPP Scheme

---

## **Impact**

***Schools affected*** – All schools

***Total cost*** – For schools that elected to join/rejoin the scheme the cost would be:-

- *Option 1, Level 1* - approximately 20% of the delegated budget for building maintenance
- *Option 1, Level 2* - an assessed 85% of the delegated budget for building maintenance (reduced to 65% in 2004/05)
- *Option 2, Level 1* - approximately 25% of the delegated budget for building maintenance for Primary and Special Schools and 30% for Secondary Schools
- *Option 2, Level 2* – an assessed 90% of the delegated budget for building maintenance for Primary and Special Schools and 95% for Secondary Schools (reduced to 70% and 75% in 2004/05).

(see the Technical Paper for details)

## **Proposal**

**Option 1** – It is proposed to continue the Building Maintenance Partnership Pool for a fixed period of five years but allowing schools to elect for one of two levels of service (*Proposal 10*)

**Option 2** – It is proposed to continue the Building Maintenance Partnership Pool for a fixed period of five allowing schools to elect for one of two levels of service but including additional responsibilities currently retained by schools and increasing the cost of buy back according. (*Proposal 11*)

## **SOCIAL DEPRIVATION FUNDING**

### **Purpose**

To ensure that funding for social deprivation is focussed on those schools with greatest need.

---

## **Factors to Consider**

In 1997/98 Norfolk carried out a study of schools with high levels of social deprivation. This showed that such schools incurred extra costs because of factors such as problems attracting and retaining staff and lower levels of financial support from parents.

A national report on LMS Schemes commissioned by a consortium of LEAs from the consultants PricewaterhouseCoopers concluded that entitlement to free school meals was the best measure to use for the purposes of allocating resources for social deprivation. Other research including some undertaken by the Cabinet Office has confirmed this finding.

Concern has been expressed that the £1.6 million that Norfolk currently distributes to schools for social deprivation is not being directed to those schools with the greatest needs.

The current formula distributes funding on the basis of free school meal eligibility measured on a three year rolling average. An adjustment is made in secondary schools to allow for the lower level of registration for free school meals. This is done by multiplying the percentage entitlement of Key Stage 3 pupils by 1.3 and Key Stage 4 pupils by 1.5

The current levels of funding are:

- nothing to schools with less than 15% of pupils being entitled to schools meals
- £272 for each child over the 15% threshold.
- an additional £967 for each child over a 35% threshold of entitlement
- an additional £967 for each child over a 45% threshold of entitlement.  
ie each child over the 45% threshold attracts funding of £2,206.

## **Conclusions**

The Cabinet Office Social Exclusion Unit conducted research and found that levels of entitlement to free school meals of 35% and 50% were significant indicators of social deprivation. Norfolk was already using 15% and 40% as levels of need. To take into account the findings of the Cabinet Office research funding thresholds were changed in 2001 to 15%, 35% and 50%.

Last year the 50% threshold was reduced to 45% to reflect the reducing level of entitlement to free school meals with changes to the national benefits system.

This current proposal suggests that

- for **primary and special schools** the 15% threshold should be withdrawn and the resources this releases be directed to those schools with the highest levels of need. This to be achieved by increasing the

---

per pupil funding given for those primary and special schools over the 35% and 45% thresholds from £967 to £2224 per pupil

- for **secondary schools** the Schools Forum agreed the 15% threshold and the current values should be retained because of the general lower level of free school eligibility in secondary schools.

The technical paper shows the financial effect of removing the 15% banding from primary and special schools and redirecting the resources to primary and special schools with higher levels of free school meal entitlement

### **Impact**

***Distribution method*** – through the revision of the social deprivation funding thresholds

***Schools affected*** – those receiving social deprivation funding

***Total cost*** – None

### **Proposal**

It is proposed that:

- **primary and special schools with levels of entitlement to free school meals of lower than 35% of pupils should no longer receive funding for social deprivation and these resources should be used to increase the funding for primary and special schools with more than 35% and 45% entitlement. (Proposal 12)**

## **THREE YEAR BUDGETS AND SURPLUS BALANCES**

### **Purpose**

To assist schools with future budget planning and to allow the clawback of excessive surplus balances.

---

## **Factors to Consider**

The allocations for the Schools Block and the LEA Block funding announced by the DfES in December set the trend for funding for the next three years so that LEAs would also be in a position to set a trend for school budgets for a similar timescale. This was to encourage authorities to consider the scope for issuing indicative budgets for schools for a further two financial years. This would allow schools to plan ahead more easily, albeit future year budgets would obviously be of a very provisional nature because of pupil number changes and other variables.

One of the reasons for encouraging this change is that schools should have greater confidence in managing their financial affairs without the protection of large, uncommitted surplus balances. Ministers have been concerned for some time about the size of financial balances held in some schools, which total more than a billion pounds nationally, and are very large in some individual schools. Although Ministers intend to continue to abide by the principle that schools should be able to hold reserves and add to them from underspent budget shares, they have given LEAs the ability to ensure that the money allocated to schools is spent usefully and promptly except where it is saved for a specific purpose. To this end LEAs can introduce a system whereby any sums held by schools, derived from their delegated budget share, that exceed a stated limit and are not held for a specific earmarked project, can be clawed back by the LEA for recirculation to all schools.

A working group comprising members of the Schools Forum (headteachers and governors), advisors and finance staff has been convened to produce the proposals put forward in this paper relating to budget setting guidelines, advice on projecting budgets and the categories and levels of acceptable balances.

## **Conclusions**

The working group agreed that proposals should be put to schools relating to the following areas:

- Assumptions that underpin the forecasting tool to enable schools to calculate their three year indicative budget share
- Principles to be used in budget construction
- Advice on how to produce the schools budget plan
- Legitimate purposes for which balances may be held and guidelines for the amount for each

### **Principles to be used in budget construction**

Schools should follow these principles when budgeting for their expenditure in any one year.

- Budget share income should be spent in-year on the children in school.
- Annual spend should not exceed annual income by more than 5% nor fall short of it by more than 5% unless monies are required for a legitimate purpose (see below).

- 
- Balances should not be spent on on-going commitments eg to support the mainstream budget.
  - There should be separate consideration of balances, budget share income and grant income.
  - Standards Fund monies should be considered as one-off income not used to support on-going expenditure.
  - Revenue should not be used for capital development projects

#### Assumptions that underpin the forecasting tool to enable schools to calculate their three year indicative budget share

The following assumptions will be an integral part of the spreadsheet that will be available to schools to estimate what their budget income will be for a further two financial years.

- Zero inflation
- No changes to the distribution formula
- Known changes to Standards Fund and Schools Standards Grant
- Schools will be able to adjust for changes in pupil numbers
- Schools will be able to adjust for best guess changes to SEN funding if appropriate

#### Advice on how to produce the schools budget plan (expenditure)

Detailed advice on estimating expenditure for future years is included in the budget commentary that is sent out with schools' budget shares each year. However, it is important that schools only concentrate on those items of expenditure that will change materially year on year when looking at second and third year budgets ie those areas that will make a significant difference to the school's expenditure. As the majority of all funds in schools is spent on staffing this should be the area that is most closely monitored.

When considering expenditure on staffing it is vital to consider the following areas:

- Changes in staffing structure
- Changes to staff hours
- Incremental progression
- Leadership and incentive points
- Full-year effect of any changes made part way through the previous year

#### Legitimate purposes for which balances may be held

- To hold a building maintenance fund if the school does not buy into the Building Maintenance Partnership Pool. This should not exceed £450 per pupil or £30,000 whichever is the higher amount.
- To cover the cost of staff sickness if the school does not have insurance cover. The amount should not exceed 1% of the total staffing budget.

- 
- To cover a known reduction of the following year's budget share when the reconciliation takes place for pupil numbers and infant class size funding.
  - To cover future building projects until 2006/07– schools will need to provide evidence of what the monies are for, the likely cost and a likely start and finish date. This purpose will not be allowable after the 2005/06 financial year because of the budget principle that revenue monies should not be used for capital expenditure now that schools have formula capital for this
  - To cover non-capital building requirements (internal redecoration etc.) – schools will need to provide details of what monies are for, the likely cost and a likely start and finish date
  - To cover the cost of assets and equipment needed in the future. Evidence of what the monies are for and when they will be used will be required as above
  - To maintain levels of staffing during a temporary fall in pupil numbers
  - Unspent Standards Fund
  - Surpluses derived from sources other than the budget share eg contributions from parents for school trips where expenditure will not be incurred until the following year or surpluses arising from providing community facilities
  - To provide the school with contingency funding, the amount not exceeding 0.5 % of the budget share or £5,000 whichever is the greater.
  - To hold monies to support a Seed Challenge bid in accordance with the DfES rules for the scheme.

#### Redistribution of Excess Balances

Schools would be required to provide the LEA with a breakdown of what their balances were to be used for and by when. Any balances falling outside these categories would be returned to the LEA for redistribution to all schools through the normal funding formula. The actual balances each school has at the end of 2004/05 would be analysed and any surplus over and above monies falling into one of the legitimate categories above would be redistributed in the 2005/06 financial year.

#### Impact

**Schools affected** – All of the above would apply to all schools

**Total cost** – There would be no cost

#### Proposal

**It is proposed to:**

- **Give schools the tools and advice necessary to produce three year indicative budget shares**

- 
- To provide budget principles that all schools should adopt when setting their budgets
  - To adopt certain categories of balances as legitimate when not exceeding certain limits
  - To allow the clawback of excessive balances ie those not falling within the categories and limits above for redistribution to all schools through the normal formula funding (*Proposal 13*).

## **PUPIL NUMBER COUNT DATES**

### **Purpose**

---

To give schools more notice of changes to their budget shares brought about by reconciling actual pupil numbers to those estimated at the beginning of the financial year.

To make the changes to schools' budget shares late in the autumn term of the current financial year rather than in the following financial year.

### **Factors to Consider**

This year a change was made to pupil funding arrangements so that Norfolk funded schools on the actual pupil numbers present during the financial year. Initial funding in the school's budget share has been based on actual pupil numbers for the summer term (using the January 2003 formal pupil count) plus estimated numbers for the autumn and spring terms. The estimate for the autumn and spring terms will be reconciled to actual pupil numbers using data from the 2004 January formal pupil count. Any adjustments that need to be made to the school's budget share, either up or down will be made in the 2004/05 financial year.

Although the majority of schools voted for the reconciliation to take place in the following financial year, some of those originally in favour have since expressed concerns about using this methodology. These concerns include:

- it is difficult for schools to assess the impact of the reconciliation on the following year's budget
- schools need to budget for deviations from the estimated pupil numbers in year and would prefer the end-year balance to reflect this
- the need to set licensed deficit budgets to cover adjustments to be received in the following financial year
- the complexity of the arrangements when applied to Key Stage 1 funding arrangements .

In order to address these concerns it would be possible to change the system of reconciliation. The LEA's September pupil return could be used to reconcile the estimated pupil numbers for the autumn and summer terms to the actual pupil numbers rather than the formal January pupil count. This would enable schools to be informed at an earlier stage of the change that will be made to their budget shares. However, it would be vital that schools recognised the importance of ensuring the accuracy of the data on the September return.

If the September pupil return was used for the reconciliation of estimated pupil numbers to the actual pupil numbers it would also be possible to alter schools' budget shares late in the autumn term. Although this would mean that the budget share would change halfway through the financial year it would ensure that schools felt confident to spend the appropriate amount of funding on the pupils in school at that time.

### **Conclusions**

---

In order to address the concerns raised by some schools since the inception of the new system of funding on actual pupil numbers present during the financial year, it is proposed to change the method and timing of reconciliation.

The advantages of this system would be:

- Schools would know at an earlier stage the financial effect of differences between actual and estimated pupil numbers
- Schools would not need to carry forward surpluses to cover a clawback in the following financial year for a reduction in pupil number
- Schools would not need to request a licensed deficit to cover for monies that would be received in the following financial year for additional pupil numbers

The disadvantages of the system would be:

- The school's budget share would be subject to change halfway through the financial year
- A small amount of age weighted pupil funding would need to be held back at the beginning of the financial year to ensure that any unexpected increases in schools' budget shares could be met

### **Impact**

***Distribution method*** – schools would be issued with a revised budget share in the autumn term

***Schools affected*** – All primary and secondary schools

***Total cost*** – There would be no additional cost

### **Proposals**

It is proposed that:

- The estimated pupil numbers for the autumn and spring terms be reconciled to the actual pupil numbers shown on the LEA's September pupil return. (*Proposal 14*)
- Any adjustments to a school's budget share as a result of the difference between estimated and actual pupil numbers is made late in the autumn term. (*Proposal 15*)

## **SCHOOLS BROADBAND**

### **Purpose**

---

To provide a means by which primary and special schools broadband connections can be funded.

## **Factors to consider**

### **Background**

It is proposed to complete the connection of all Norfolk schools to broadband prior to the Government 2006 target date. Current grant funding is available to cover the installation and the first year running costs. An alternative source of funding is therefore required after this first year.

Representations have already been made to the DfES asking them to set up a ring fenced funding stream to cover the on-going costs of broadband. As yet the DfES has made no additional funding available to fund the on-going costs of broadband.

Working with the Norfolk County Council e-government programme it is intended to make the most cost-effective use of the network across the County Council thus minimising the costs to schools.

### **Current Installation Programme**

- Phase I is complete. This phase involved the installation of the core infrastructure; the connection of 48 library sites; the connection of all secondary schools and the connection of 45 primary schools. All are 2Mbps connections.
- Phase II is being implemented. This phase involves the installation of a further 153 2Mbps connections. However, because of the joint location of some schools it will enable 168 schools to be connected. This phase will be completed by December 2003.
- Phase III is currently being planned. This phase will upgrade the infrastructure and make 8Mbps connectivity available to all secondary schools by July 2004.
- Phase IV is to be implemented as part of the corporate e-government data network project. It is planned to connect the remaining 191 or so primary and special schools via this phase. These connections are expected to be completed by July 2005.
- Future Phases. Whilst these IV Phases will result in all schools being connected to broadband at the speeds currently recommended by Government, schools may wish to be connected at higher speeds. It is intended we deal with those requests as they arise.

### **Schools Contributions to Running Costs**

---

Secondary schools will be contributing to the running costs from this September. It is intended to seek contributions from primary and special schools connected to broadband in Phase I from September 2004. Primary and special schools have raised concerns about the relative value of broadband; its priority compared with other local funding pressures, and asked that other means of funding their contributions to running costs be considered.

### **Conclusions**

In response to these concerns it is proposed to centralise primary and special schools contributions to the running costs of 2Mbs broadband connections. To enable this central funding to take place it is proposed to reallocate funds currently delegated to primary and special schools. The amount of the annual contribution would increase until all primary and special schools were provided with broadband access. The projected likely equivalent per pupil cost when contributions are being made in respect of all primary and special schools (from September 2006) is an estimated £12 per pupil.

### **Impact**

***Distribution method*** – it is proposed that the fixed sum allocations of schools be reduced to create the central funding source.

***Schools affected*** – all primary and special schools

***Total cost*** – the proposal would result in the annual primary school contribution to broadband running costs being centralised. In 2004/05 this would amount to £53,000, less than the equivalent of £1 per pupil.

### **Proposals**

It is proposed that:

- **A proportion of the fixed sums of every primary and special school be centralised to fund the primary and special schools' contribution to the schools broadband network (*Proposal 16*).**

## **INFANT CLASS SIZE FUNDING**

### **Purpose**

---

To review the arrangements for reconciling infant class size funding.

### **Factors to consider**

2003/04 is the first year of distributing funds to implement infant class size legislation through the Fair Funding formula, as opposed to through a grant application process.

The policy was based on providing adequate funding to enable schools to maintain infant classes at or below 30 pupils.

The distribution formula works by taking the actual number of infant pupils in each school and increasing the funding by adding 'phantom pupils' to arrive at the next multiple of 30 e.g. 30, 60, 90, etc. Thus, where the number of infant pupils is just over a multiple of 30, the phantom pupil funding allows for an additional class to be formed or meets the cost of a second teacher in an existing class.

There is a reconciliation process at the end of the year to adjust funding where actual numbers differ from those that generated the initial resource allocation (which is based on the estimated number of Autumn and Spring term pupils). Where the number infant pupils on roll has fallen, schools lose AWP funding but generate more phantom pupil funding – where it has risen, phantom pupil funding would be lost but AWP funding gained.

Some schools have expressed concern at the extreme effect some changes in pupil numbers could have on their school budgets. The most extreme situation arises if funding for a high number of phantom pupils is initially allocated and the number on roll subsequently falls to within a lower multiple of 30. A school could lose not only a significant amount of infant class size funding, but AWP funding as well. Where, in good faith, a school has employed a teacher for an additional class from September, it could be faced with losing the means through which to pay the salary costs.

For example, 95 infant pupils would require 4 classes and funding would be allocated for 25 phantom pupils in order to fund the fourth class. If the numbers fell to 89, only three classes would be required with funding for one phantom pupil. Funding initially allocated to support the fourth class would be withdrawn.

In 2003/04, 34 schools have been allocated more than 25 phantom pupils.

A number of options have been identified which if implemented could reduce the impact of these extreme cases:

#### **Option 1 – retain the status quo**

The reconciliation process would continue – schools whose infant pupil numbers fell to within a lower multiple of 30 would have funding withdrawn and those that increased into a higher multiple of 30 would receive more.

---

### **Option 2 – limit the extent of extreme funding fluctuations as a result of the reconciliation process**

Under this option, there would be a ceiling on the number of phantom pupils for which funding was withdrawn. Conversely, the same ceiling would apply where schools attract more phantom pupil funding as a result of the reconciliation process. The ceiling would be set at, say, 50% of the maximum class size, ie 15 phantom pupils.

### **Option 3 – calculate April–August and September–March separately**

Funding for the period April - August would be allocated using the actual January pupil count data and no further reconciliation would be required. Funding for the period September – March would not be allocated until the actual number on roll was known and resources would be held back at the beginning of the year for this purpose.

Schools may still need to decide whether to employ a teacher for an additional class before actual numbers were known (a practice which schools are used to) and funding allocated, but would not receive funding to then have it taken back at a later date.

### **Option 4 – do not reconcile and adjust funding allocations**

Under this option there would be no reconciliation process and no clawback of funding if predicted numbers are not realised. Conversely, no additional funding would be allocated either but the school would still need to restrict the size of infant classes to 30 or less.

## **Conclusions**

The technical paper displays examples to demonstrate the effect of the 4 options. All examples use the same pupil number data and, for the purpose of the calculations, an annual per phantom pupil value of £900.

## **Impact**

The funding position on the technical papers can be summarised as follows:

	<b><u>Option 1</u></b>	<b><u>Option 2</u></b>	<b><u>Option 3</u></b>	<b><u>Option 4</u></b>
Funding at 1 April	23,031	23,031	9,375	23,031
Adjustment for Autumn/Spring actual numbers	-22,275	-13,500	+2,625	0

---

Total funding for year	756	9,531	12,000	23,031
------------------------	-----	-------	--------	--------

***Distribution method*** – available funding would continue to be distributed to schools with infant classes

***Schools affected*** – schools with infant classes

***Total cost*** – the options would be achieved through a redistribution of available resources

### **Proposals**

It is proposed that the funding of infant class sizes is adjusted through

- Option 1 – retaining the status quo (*Proposal 17*)
- Option 2 – limiting the extent of extreme funding fluctuations as a result of the reconciliation process (*Proposal 18*)
- Option 3 – calculating funding for April – August and September – March separately using exact numbers when available (*Proposal 19*)
- Option 4 – not undertaking a reconciliation process (*Proposal 20*)

## **REVIEW OF NURSERY CLASS FUNDING**

### **Purpose**

---

To find a more cost effective way to provide funded early education in nursery classes to ensure that places are available where they are needed.

### **Factors to consider**

By September 2004, the Local Education Authority will be expected to ensure that there are sufficient early education places available for all three and four year olds who require one. Early education places may be provided in a diverse range of settings in the maintained, private, voluntary and independent sectors and should be available for a minimum of two and a half hours, five days a week for at least thirty-three weeks a year.

Currently nursery classes are funded on the number of places in each class but are able to operate below this level. However, over the last year there has been an average of 792 unfilled places in nursery classes, whereas other areas of the County have inadequate LEA maintained provision. As a result of last year's consultation exercise, changes were made to a limited number of classes but these changes did not resolve the underlying problem.

During the summer term, consultation meetings have been held with headteachers from schools with nursery classes to discuss more radical changes to the funding arrangements. The aim of these proposals is to find more cost-effective ways of funding early years education in nursery classes to ensure that places are available where needed. It is not intended to try and reduce the number of places overall but to ensure that the places provided are fully used.

### **Conclusions**

At the consultation meetings five proposals were put forward. Although those working in schools with nursery classes were very concerned that all of these proposals could adversely affect the quality of provision currently available, many could also see that to have so many funded but unfilled places was not making the best use of the resources available. The selected proposal would be implemented from September 2005.

The five proposals discussed were:

#### **1. Only to maintain 26 and 52 place nurseries**

For this to be a feasible option places in nursery classes would have to be reviewed on an annual basis and where a nursery class had fewer than perhaps 45 children on roll, and numbers were falling, the funded places would have to be reduced to 26.

This option would effectively mean that small schools would not be able to maintain a nursery class as 26 places would be the minimum.

#### **2. Only to maintain 13,26,39 and 52 place nurseries**

---

Again the allocation of places would need to be reviewed regularly and where numbers were falling, places reduced.

However, funding at current rates barely covers the cost of a teacher in a 13 place nursery class and schools would need to have a minimum of two staff. This option would enable nursery classes to be provided at small schools but the school would need to be mindful that the nursery class might need to be subsidised from the main school budget. Some schools already have 13 place nursery classes as the governing bodies feel that the benefits this brings to the school are worth the additional cost.

**3. To provide a basic core funding for the first 13 pupils with an amount per pupil over 13 pupils (pupil numbers averaged over the year).**

Under this proposal schools would be allocated a maximum intake number. The first 13 pupils would attract a fixed sum that would be enough to cover the basic costs of a part-time teacher at the top of the scale. Funding would be provided on a per pupil basis for any pupils over and above the first 13.

Any nursery class with 50 or more children (24 or more in a 26 place nursery) would be better off than under the current funding system. Those classes that had fewer pupils than this on roll could decide whether it was viable to offer two sessions daily or could use unfilled spaces to explore other areas of funding, for example by offering full days if day-care standards could be met.

**4. Fund per pupil on the average number of pupils in place over the previous three terms**

Schools would be allocated a maximum intake number for their nursery class and would be funded on a per pupil basis. As above schools would be able to decide whether to offer two sessions daily or could use unfilled spaces to explore other funding. This option would not afford any fixed sum protection.

**5. Fund per pupil based on 5/12ths of the January numbers on roll and 7/12ths of the estimated September numbers on roll**

This option would be the same as Option 4 except for the method of calculating the number of pupils to be funded. Instead of funding schools using the average number of pupils in the nursery class in the preceding year, the pupil numbers would be based on 5/12ths of the January numbers on roll and 7/12s of the estimated September numbers on roll.

None of these proposals would apply to nursery classes currently funded for less than 13 pupils. Funding for these schools would continue unchanged.

**Impact**

***Distribution method*** – Depending on the option that was chosen, nursery classes would either continue to be funded on the basis of places allocated or on the basis of pupil numbers. The funding per place would remain unchanged and the funding

---

per pupil would be half this amount – each place reflecting 1 FTE while each pupil only attends half time ie a 26 place nursery is able to take 52 part-time children.

**Schools affected** – Schools with designated nursery classes except those currently funded for less than 13 pupils.

**Total Cost** – There would be no additional cost under any of the proposals. Any savings would be used to provide new nursery places where they are needed most.

### **Proposals**

It is proposed that nursery classes should be funded in one of the following ways:

- **Option 1 – 26 or 52 place nursery classes to be funded per place**  
(*Proposal 21*)
- **Option 2 – 13, 26, 39 or 52 place nursery classes to be funded per place**  
(*Proposal 22*)
- **Option 3 – To provide a core funding for the first 13 pupils with each pupil above this number attracting funding (using pupil numbers averaged over the preceding year)** (*Proposal 23*)
- **Option 4 – To average the number of pupils over the preceding year and fund per pupil based on this figure** (*Proposal 24*)
- **Option 5 – To fund per pupil based on 5/12ths of the January numbers on roll and 7/12ths of the estimated September numbers on roll** (*Proposal 25*)

## **FINANCIAL DELEGATION TO NURSERY SCHOOLS**

### **Purpose**

---

To consult on a funding formula for Nursery Schools who are to receive delegated budgets from 1 April 2004.

### **Factors to consider**

The Department for Education and Skills (DfES) has directed that, with effect from 1 April 2004, all maintained nursery schools will each be entitled to a budget share calculated in accordance with their maintaining authority's funding formula. The DfES has set out certain provisions that are likely to be included in revised regulations concerning the funding of nursery schools, and the proposals outlined below have been drawn up with these in mind.

Norfolk LEA has 3 nursery schools, at Earlham, Emneth and King's Lynn, and funding is currently devolved to them on an informal basis. This funding is based on a previously prepared resource model and now needs to be formally included within the Fair Funding formula.

### **It is proposed to fund nursery schools from 1 April 2004 through the following factors:**

1     Number of places

It is proposed to predominantly fund nursery schools on a place-led basis. Place-led funding is also used for special schools and, as institutions, nursery schools have more in common with special schools than other primary schools: they are usually small, they have higher unit costs and staffing is less flexible.

2     Special Educational Needs

For Nursery School pupils, no special educational needs audit is carried out and, obviously, no pro rata allocation can be given based on the needs of pupils in higher year groups. An historic lump sum is currently allocated to each school and a more appropriate methodology needs to be determined.

The three schools have suggested ways in which additional needs can be identified and used as funding triggers. Detail of these needs is already kept by the schools as part of their routine record keeping, and includes:

- levels of special educational need as assessed by the school or when a child reaches the formal assessment and statementing stage
- those children with English as a second language
- Looked After Children
- child protection issues

Alternatively, an amount per place could be allocated which would avoid the need for data to be provided to the LEA and any moderation arrangements.

- 
- 3     Fixed Sum  
It is proposed to incorporate a fixed sum into the funding formula.
  - 4     Rates  
It is proposed to fund the rates at actual cost.
  - 5     Grounds  
It is proposed to fund the cost of grounds maintenance at double the normal handmown rate – this is to reflect the higher cost for the grounds maintenance service in that the grass clippings for the nursery schools are collected.
  - 6     Insurance  
The resources for meeting the cost of insurance for public liability, employer's liability and fire and perils for these schools are currently retained and paid centrally. Under Fair Funding, these resources would need to be transferred to the schools' budgets for local decision making.
  - 7     Building Maintenance  
The resources for meeting the cost of the nursery schools being part of the Building Maintenance Partnership Pool are currently retained and paid centrally. Under Fair Funding, these resources would need to be transferred to the schools' budgets for local decision making.

The schools would also receive any eligible funding, as at present, for Newly Qualified Teachers, Salary Support Grants, Schools Standard Grant and Standards Fund allocations.

It is not proposed to build in a free school meals factor as it is not part of LEA policy to fund free school meals for Year 0 pupils.

## **Conclusions**

The following options are being proposed to support the funding model identified above:

### **Basic Funding Model - Either Option 1 or 2**

#### **Option 1 – place-led funding with a first school fixed sum**

An amount per full-time equivalent (fte) place of £2625 together with a fixed sum of £43,520 equivalent to that received by a first school.

#### **Option 2 – place-led funding with a new fixed sum**

An amount per place of £2162 per fte place, ie the current Year 0 value for primary schools with nursery classes, together with a fixed sum of £62,000 for an 80 place nursery school and £73,000 for a 130 place nursery school.

---

## SEN Proposed Funding Model - Either Option 3, 4 or 5

### Option 3 – special educational needs funding on a January snapshot basis

An amount per level of need allocated as follows:

Level 1 SEN – school action stage	£250
Level 2 SEN – school action plus stage	£400
Level 3 SEN – assessment stage	£705
Level 4 SEN – statement stage	£1,300

English as a Second Language (ESL)	£250
Looked After Children (LAC)	£250

Level 1 Child protection – school action stage	£250
Level 2 Child protection – school action plus stage	£400
Level 3 Child protection – family register stage	£750
Level 4 Child protection – child protection register stage	£1,300

These figures are currently weighted in the same proportion as primary SEN bandings. The amounts are much less than the banding values but funding would be supplemented by a fixed sum of £11,300.

### Option 4 – special educational needs funding on a 3-term average basis

An amount per level of need allocated as follows:

Level 1 SEN – school action stage	£235
Level 2 SEN – school action plus stage	£376
Level 3 SEN – assessment stage	£705
Level 4 SEN – statement stage	£1,222

English as a Second Language (ESL)	£235
Looked After Children (LAC)	£235

Level 1 Child protection – school action stage	£235
Level 2 Child protection – school action plus stage	£376
Level 3 Child protection – family register stage	£705
Level 4 Child protection – child protection register stage	£1,222

These figures are currently weighted in the same proportion as primary SEN bandings. The amounts are much less than the banding values but funding would be supplemented by a fixed sum of £11,300.

### Option 5 – special educational needs funding on a place basis

The available resources would be distributed evenly across the total number of places in the 3 nursery schools.

## **Impact**

---

Two of the nursery schools (Emneth and Earlham) are proposing to reduce the number of LEA maintained places, the third (King's Lynn) will retain the same number and therefore is being used as the benchmark for funding the other two.

Excepting SEN funding, King's Lynn would see a negligible increase in its funding under the model proposed above, incorporating either option 1 or 2. Emneth would receive slightly more funding than at present to bring it into line with King's Lynn as both schools are offering the same number of places. Earlham would lose funding as it is proposing to significantly reduce the number of LEA maintained places.

Due to the SEN resources being distributed through a new methodology, options 3, 4 or 5 would increase the funding to both Emneth and Earlham Nursery Schools and reduce the funding to King's Lynn Nursery School (option 1 resulting in the lowest reduction and, option 2, the highest).

This impact is detailed in the technical papers.

***Distribution method*** – available funding will be allocated to nursery schools through the model options outlined above

***Schools affected*** – the 3 nursery schools

***Total cost*** – the cost of the nursery school funding model would be met from the resources currently devolved on an informal basis and resources currently retained centrally for public liability insurance, employer's liability insurance, fire and perils insurance, and for inclusion in the BMPP would be transferred to the schools

## **Proposals**

**To fund Nursery Schools through a formula from 1 April 2004 using:**

- **Option 1 - nursery school places at £2625 per fte place with a fixed sum of £43,520 (*Proposal 26*)**  
**OR**
- **Option 2 –nursery school places at £2162 per fte place with a fixed sum of £62,000 for the 80 place nursery schools and £73,000 for the 130 place nursery school (*Proposal 27*)**  
**AND**
- **Option 3 – to allocate special educational needs funding in line with data provided by the 3 nursery schools on a January snapshot basis, together with a fixed sum (*Proposal 28*)**  
**OR**
- **Option 4 – to allocate special educational needs funding in line with data provided by the 3 nursery schools on a 3-term average basis, together with a fixed sum (*Proposal 29*)**

---

**OR**

- **Option 5 – to allocate available resources for special educational needs on a place basis, providing £636 per fte place (*Proposal 30*)**

## **REORGANISATION FUNDING**

### **Purpose**

To ensure that appropriate funding is available for schools being reorganised.

---

## **Factors to Consider**

### **High Schools with Dual Year Entry**

There are currently four high schools in Norfolk with dual year intake i.e. they admit some pupils in Year 7 and some in Year 8. This is because the feeder schools in their catchment area are organised in different ways, some are primary/junior schools with transfers at Year 7 and some are middle schools with transfers into Year 8.

Under the current Fair Funding Formula if the feeder schools are reorganised to provide a common age of transfer at Year 7, a dual entry high school would not receive any funding to provide equipment for the additional pupils. If, the school had single entry i.e. in Year 8, and moved to single entry at Year 7 funding for equipment for the additional year group would be given.

### **Headteacher Attendance when Schools are Amalgamated**

If two or more schools are amalgamated it is possible that a completely new headteacher may be appointed by the governing body i.e. not the headteacher of one of the existing schools. If this happens it is important that the new headteacher is able to spend time away from their current employment to plan for the opening of the new school and all this entails, for example, interviewing any new staff that may be required. The Fair Funding Formula currently does not make any provision for such costs.

## **Conclusions**

### **High Schools with Dual Year Entry**

It is proposed that when a dual entry high school changes to a single entry school admitting all pupils in Year 7 as a result of the reorganisation of its feeder schools, funding should be available to cover the cost of equipment for the additional part year group. The amount of funding given would be the same as that for reorganised schools that gain an extra year group, that is £193 per extra pupil in the year of reorganisation only. The number of pupils funded would be the difference between the number of pupils in the existing Year 7 and the Public Notice Number (or the actual number of pupils if this is higher).

### **Headteacher Attendance when Schools are Amalgamated**

It is proposed that in order to cover the additional expenses incurred by a headteacher in an amalgamated school, funding for the equivalent of thirty days salary should be given to the school. This would fund the cost of supply cover to allow the headteacher to spend time planning for the new school and interviewing for positions as well as any other expenses that were incurred.

## **Impact**

***Distribution method*** – a lump sum would be given to those schools that qualified for either of these types of funding.

---

***Schools affected –***

- Dual entry high schools whose catchment area schools are reorganised such that all transfers are at Year 7.
- Schools that are amalgamating to form a new school.

***Total cost –***

The funding for additional Year 7 pupils would depend on which school was being reorganised. Using current prices and pupil numbers the cost would range from £13,002 to £24,807.

The cost of the equivalent of thirty days salary for a headteacher would be £4,000.

It is proposed that these additional costs be met from the budget available for the transitional funding of reorganised schools.

**Proposals**

It is proposed to:

- **Provide funding for equipment for additional pupils taken into Year 7 in dual entry high schools when involved in a reorganisation. (*Proposal 31*)**
- **Provide the equivalent of 30 days of a new headteacher's salary in the term before schools are amalgamated. (*Proposal 32*)**

## **INSURANCE ARRANGEMENTS FOR VA SCHOOLS**

**Purpose**

To align funding for insurance with the extent of Voluntary Aided Schools' responsibilities

---

## **Factors to consider**

### **Background**

Following significant changes to the premises liabilities for VA schools which represented a substantial simplification over the previous arrangements it is opportune to clarify the principles which should apply in relation to insurance, particularly for premises.

The DfES requires us to start the new insurance arrangements from April 2004.

### **Funding of Premiums**

The various Education Acts from 1944 onwards have made it clear that the statutory duty of LEA's to maintain a VA school is the same as for any other school in all respects except premises. Therefore for all other types of insurances the same arrangements should extend to VA schools as to others.

Although responsibility for funding premiums resides with the LEA it is a governing body's responsibility to ensure appropriate insurance cover is in place.

## **Conclusions**

### **Premises Insurance**

The changes in liability referred to above resulted in essence in the liability for all school buildings being placed with VA governing bodies, with liability for the playing fields, and buildings on them remaining with LEAs. For capital work which is a VA school's liability, grant support is available to meet 90% of the cost of any loss and therefore the premium will relate only to the governors' statutory 10% contribution to the costs.

### **Liability Insurance**

For employers liability insurance because VA governing bodies employ most (if not all) school staff the liabilities are theirs and the insurance arrangements must reflect this with an appropriate employers liability certificate issued in the name of the governing body. For public liability the only difference compared to other schools should be for any parts of the premises used exclusively for non-educational purposes.

The following have been consulted about their views relating to the above:

- Director of Finance – Norfolk County Council
- Ely Diocese
- Norwich Diocese
- East Anglian Roman Catholic Diocese
- Non-denominational VA schools

## **Impact**

---

**Distribution method** – monies for insurance for VA Schools would continue to be distributed through the funding formula on ‘an estimated actual costs’ basis but in future this sum would reflect the reduced premium liability.

**Schools affected** – all schools. Voluntary aided schools by changes as shown above and all schools through an increase in all AWPAs as shown below.

**Total cost** – the proposal would release approximately £60,770 for redistribution to all schools through an increase in all AWPAs of £0.57.

## **Proposals**

It is proposed that:

- **Premises**
  - 1) The total value insured should be split between the school and LEA to reflect their respective responsibilities for capital and revenue expenditure (de minimis level for capital is £2,000).
  - 2) The premium borne by the governors and the delegated funding should relate only to the 10% governors’ statutory contribution.  
(Proposal 33)

The following should be noted and acted upon:

- **Premises**

The interests of the trustees and DfES should be noted on any policy as well as those of the school and LEA
- **Public Liability**

The sole interest of the governing body for those parts of the school used exclusively for non-educational activities should be noted as well as the joint interests of the school and LEA in all educational activities.
- **Employers’ Liability**

The interest of the governing body as the usual employer of school staff must be noted and an appropriate certificate issued in its name.
- **Other Insurances**

The same arrangements should apply for VA schools as for other types of maintained school.
- **Insurance Cover**

- 
- 1) The LEA will continue to offer a comprehensive all-type buy back facility at the cost of the delegated funding for all primary/special schools.
  - 2) The Director of Finance will continue to provide quotes for all types of insurance for secondary schools.

It should be noted that governors may wish to make their own insurance arrangements but church schools should do so in consultation with their own diocese.

## **Section B) CHANGES TO NORFOLK'S SCHEME FOR FINANCING SCHOOLS**

### **INTEREST CLAWBACK**

---

## **Purpose**

To amend Annex E of Norfolk's Scheme for Financing Schools to ensure that interest lost by Norfolk County Council is charged appropriately to schools that do not use Norfolk County Council payroll services.

## **Factors to consider**

Schools have options as to what bank account arrangements they have. The bank accounts for the majority of Norfolk schools are County Council accounts and the County Council receives interest on the balances in these accounts. When a school opts to set up its own banking arrangements it benefits from any interest it earns on the bank balances. To ensure all schools are treated equally a reduction is made to the allocations of those schools that maintain their own bank accounts.

Schools which run their own bank accounts receive advances of their budget share on the 19<sup>th</sup> of each month or the last banking day prior to this where the 19<sup>th</sup> is not a banking day. When the last banking day falls before the 19<sup>th</sup> or the advance needs to be made before this because pay runs only occur on a Monday or a Thursday, the County Council loses interest and schools with their own bank accounts are charged for this lost interest. The interest rate used is the Six Monthly Local Government Borrowing Rate as at 1 January each year and this is recorded in the Scheme for Financing Schools.

If a school runs its own bank account and also makes its own arrangements for payroll the monthly advance includes both the pay element and the non-pay element of their budget share. Until now such schools have not been charged interest on this payroll element. This is clearly incorrect and provides an unfair financial advantage to such schools.

## **Conclusions**

It is proposed that Type A schools which run their own bank accounts should be charged the relevant interest on the total amount of their budget share that is advanced. The interest will only be charged to cover the occasions when advances cannot be made on the 19<sup>th</sup> of a month.

The technical paper shows how this and proposal ? would be reflected in the Scheme for Financing Schools.

## **Impact**

***Schools affected*** – Schools that run their own Type A bank accounts

---

**Total cost** – based on the percentages used this year 0.1638% of the budget share would have been clawed back rather than 0.0219% for primary schools and 0.0277% for secondary schools.

### **Proposal**

**It is proposed that:**

- **When interest is charged on advances for schools with Type A Bank Accounts this should be applied to the whole advance for schools that do not use Norfolk County Council's payroll services, not just the non-pay element. (*Proposal 34*)**

## **BUDGET SHARE ADVANCES**

---

## **Purpose**

To revert to the original practice of calculating the 1<sup>st</sup> April advance as 4% of the estimated non-payroll budget and to ensure that schools that operate their own bank accounts have sufficient funds in their monthly advances to cover costs.

## **Factors to consider**

Schools that operate their own bank accounts, whether they run their own payroll or not, have 4% of their budget share as an initial advance. This initial advance is followed by 12 further advances made on the 19<sup>th</sup> of each month or the last banking day prior to this. This causes problems for some of those schools that use Capita payroll services. Before their 12 advances are made, payroll costs are deducted and in some cases more needs to be deducted than advanced. In order to make up the shortfall schools need to issue cheques to the County Council.

The advance for rates is added to the normal monthly advance in the month in which payment is due.

## **Conclusions**

It is proposed that schools that operate their own bank accounts should receive 4% of the estimated non-pay element of their budget share as an initial advance rather than 4% of the budget share. This would ensure that the school had sufficient funds in their 12 further advances to cover their payroll costs and would reduce the need for schools to reimburse some of this initial advance.

The technical paper shows how this proposal would be reflected in the Scheme for Financing Schools.

## **Impact**

***Distribution method*** – schools would continue to receive their budget share advances as at present

***Schools affected*** – All Type A bank account schools.

***Total cost*** – There would be a small loss of interest to schools.

## **Proposal**

**It is proposed:**

- 
- That schools with Type A Bank Accounts should receive an initial advance of 4% of the estimated non-pay element of their budget share (*Proposal 35*).

## **Contract Standing Orders**

### **Purpose**

---

To inform all schools of the changes made to Contract Standing Orders shown in Annex D of the Scheme for Financing Schools

### **Factors to Consider**

Contract Standing Orders that apply to all schools are based on those of the County Council produced by the Director of Finance. A revised version of the County Council's Contract Standing Orders were adopted by Cabinet on 18 August 2003 and those shown in the Scheme for Financing Schools need to be revised accordingly.

### **Conclusions**

Two sections relating to the Transfer of Undertakings and the County Council's Purchasing Guide have been added to the Contract Standing Orders for Schools. There are a number of changes to the rest of Annex D of the Scheme for Financing Schools where the Standing Orders are shown and schools are advised to view the amended version of them that highlights the changes. This can be accessed at [www.norfolkesinet.org.uk](http://www.norfolkesinet.org.uk) under 'School Management and Governance' and then 'Headteachers' and then 'Fair Funding'.

### **Impact**

Whilst there is no direct financial impact upon schools, all schools are required to abide by the Contract Standing Orders for Schools in purchasing, tendering and contracting matters.

## **ANNEX A**

### **GLOSSARY OF SOME TERMS AND ABBREVIATIONS**

---

***AWPA/Age Weighted Pupil Allocation:***

The amount of funding each child of a given age attracts irrespective of the type of primary or secondary school the child attends.

***BMPP:***

Building Maintenance Partnership Pool – a buy-back package for building maintenance.

***Budget Share:***

A school's annual resource allocation.

***Cabinet:***

The cabinet consists of 10 members of the ruling administration of the County Council and includes all the members with responsibilities for particular service areas. The Cabinet meets monthly, in public, to make decisions on behalf of the Council.

***Cabinet Office:***

This is a major UK government body covering a wide range of roles serving the Prime Minister, the Cabinet and its committees and helping to deliver key public service priorities.

***de minimus level for capital:***

The minimum level of expenditure required for a project to be classed as capital expenditure.

***Delegated Budget:***

A school's share of the Schools Budget passed from the LEA to the school for the governors to manage and control.

***Delegated:***

Where resources and management control have been passed to another.

***Devolved:***

Where resources have been conditionally passed to another to manage and control.

***DfES:***

The Department for Education and Skills.

***Education and Cultural Services Review Panel:***

A committee made up of 17 County Council Members plus 2 church and 2 parent governor representatives. The panel cannot take decisions on behalf of the County Council but reviews how policies and decisions are actually working

---

once they have been agreed and are in place. The Panel also discusses and debates policies and plans that are under consideration and Cabinet members will then take account of the Panels' views when matters are taken to Cabinet for decision.

***Fair Funding:***

Fair Funding builds on Local Management of Schools by allowing schools to develop further their capacity for self-government by increased delegation of responsibility through funding. The system was introduced in April 1999 and is used by Local Education Authorities (LEAs) to calculate the budgets of all schools maintained by them. It also sets the framework for the financial relationship that operates between schools and their LEAs.

***Fixed Sum:***

Each school receives a fixed sum based on the age range of pupils within the school. This ensures each school has a minimum level of resources.

***Formula:***

See Resource Distribution Formula.

***FTE/Full Time Equivalent:***

The number of teachers employed in a school can be expressed in FTEs after adding together all full and part time elements. For example, a school with a head, a deputy, two full time teachers and two part time teachers; one working for 60% of each week and the other for 50%; is said to have  $4 + 0.6 + 0.5 = 5.1$  FTE teachers. Non teaching staff and pupil numbers can also be expressed in FTEs.

***Infant Pupils:***

Pupils in Years R, 1 and 2.

***JCC/ Teachers' Joint Consultative Committee:***

A committee to set up regular methods consultation between the LEA and teachers. It also considers matters referred by Education and Cultural Services Review Panel or by teachers and in turn makes recommendations to the Review Panel.

***Key Stage 3 Pupils:***

Pupils in Years 7 to 9.

***Key Stage 4 Pupils:***

Pupils in Years 10 and 11.

***LEA/Local Education Authority:***

The local body which administers the statutory system of public education. In Norfolk this is the County Council (NCC).

***LEA Block:***

A new funding structure has been used by the Government to allocate LEA and schools' funding for 2003/04. Funding is allocated in two blocks; a Schools Block,

---

with an SEN sub-block and an LEA block with a sub-block for Youth and Community.

***Licensed Deficit:***

The LEA may permit schools that have no existing deficit to plan for a deficit budget in particular circumstances laid out in the Scheme for Financing Schools.

***LSA:***

Learning Support Assistant

***Norfolk Agenda:***

A newsletter for governors of Norfolk Schools.

***Norfolk's Scheme for Financing Schools:***

The document that sets out the rules and respective responsibilities relating to financial delegation in Norfolk.

***NPS:***

Norfolk Property Services, a department of the County Council.

***PFI:***

Private Finance Initiative.

***Resource Distribution Formula:***

The means by which each school gets its share of the Schools Budget. The formula must be based upon factors that can be measured or counted. Schools receive a formula statement in February. The main formula is supported by a number of sub-formulae each of which concentrates on an aspect of the funds distributed.

***Salary Support Grant:***

The additional cost of paying teachers who pass through the threshold on the upper pay spine is funded direct by the DfES in the form of Salary Support Grant.

***Schools Block:***

A new funding structure has been used by the Government to allocate LEA and schools' funding for 2003/04. Funding is allocated in two blocks; a Schools Block, with an SEN sub-block and an LEA block with a sub-block for Youth and Community.

***Schools Forum:***

A body set up by the each Local Authority as required by the Education Act 2002. The Forum must be consulted about certain school funding issues.

***School Standards Grant:***

Lump sum grant awarded direct from the Government depending upon the size of the school.

***Seed Challenge:***

---

A capital grant to increase pupil achievement through the improvement of school buildings. New money must be raised by schools to provide matched funding.

9

**SEN:**

Special educational needs.

**Standards Fund:**

A DfES grant provided to schools for specific initiatives, previously known as GEST monies.

**VA Schools/Voluntary Aided Schools:**

Voluntary Aided Schools are maintained by the LEA but the governors have additional powers and responsibilities for the appointment of staff, admission of pupils and the upkeep and improvement of buildings.

**Interest Clawback and Budget Share Advances – (Proposals 34 & 35)**

**ANNEX E** (of the Scheme for Financing Schools)

---

## INTEREST CLAWBACK

	Bank a/c Type A Yes	Bank a/c Type C No
Interest clawback Adjustment required		

### Primary Schools – NCC payroll

a) %of non pay element	15	N/A
b) no of days loss of interest	13	N/A
c) % rate of interest	4.1	N/A
d) % of budget share	0.0219	N/A

### Secondary Schools – NCC payroll

a) %of non pay element	19	N/A
b) no of days loss of interest	13	N/A
c) % rate of interest	4.1	N/A
d) % of budget share	0.0277	N/A

### Special Schools – NCC payroll

a) %of non pay element	10	N/A
b) no of days loss of interest	13	N/A
c) % rate of interest	4.1	N/A
d) % of budget share	0.0146	N/A

### Primary,Secondary & Special Schools – non NCC payroll

a) %of non pay element	100	N/A
b) no of days loss of interest	13	N/A
c) % rate of interest	4.1	N/A
d) % of budget share	0.1638	N/A

The basis of the calculation is as follows:-

- This is based upon an average split of non-payroll/payroll budget share within each Education sector.
- In a **Type A** Bank Account an initial advance of 4% of the non-pay element is made on 1<sup>st</sup> April followed by 12 further advances made on the 19<sup>th</sup> of the month or in each case the last banking day prior to this. In the case of the latter, there is a loss of interest to the Authority and the total number of days lost for the financial year 2002-2003 is 13. The cash for rates will be allocated in the month that the rates bill is due to be paid.

- 
- c) The rate of interest is the 6 Monthly Local Government Borrowing Rate as at 1 January each year.
  - d) This is derived from dividing the lost interest by the budget share.

## **Building Maintenance Partnership Pool – (*Proposals 10 and 11*)**

### **INTRODUCTION**

---

The LMS Autumn Consultation in 2000 contained a proposal to extend delegated repair responsibilities to Schools to include all premises repairing liabilities. As a result of that Consultation the subsequent delegation to Schools included a scheme whereby Schools could effectively had back a significant part of those responsibilities and the associated risk into a centrally managed Pooled Insurance type scheme.

The scheme was to run for a fixed period of three years and was titled the 'Building Maintenance Partnership Pool' or BMPP. The scheme is scheduled to finish on 31 March 2004.

The scheme is managed by NPS Property Consultants Ltd, who report to an elected board of representatives – the 'Board'. These representatives are elected and have the responsibility for the overall management of the fund (see attached list).

The BMPP has 396 member Schools and a total fund value of £18 million over the three year term.

### BENEFITS OF THE SCHEME

The scheme provides the following benefits for its member Schools:

- Premises management responsibility reduced at School level – effectively freeing up School management.
- Assurance that all 'statutory' testing and servicing of the fixed services installation is undertaken.
- 'Insurance cover' in respect of unexpected works i.e. boiler failure leading to the need to replace boilers.
- A guarantee that at least 60% of the premium for the scheme will be spent at the school.
- The opportunity to joint fund works utilising School retained budget/delegated formula capital.
- A reduction in maintenance costs due to bulk purchasing by NPS through term contracts.
- A dedicated Surveyor allocated to each property.
- A Helpdesk and telephone ordering system for day-to-day repairs.

For NPS the benefit includes an assured workload at the pre-agreed fee level.

For the LEA they have the assurance that schools have access to a 'professional property support service' and that their 'employers' risk is reduced by the application of a services testing and servicing regime to meet statutory standards.

---

## SUCCESSOR SCHEME

The BMPP Board has considered various options for a successor scheme. These have included:

- Extending the existing scheme by one year.
- Offering a similar three year scheme.
- Not running a scheme.
- Offering a similar five year scheme.

After due consideration of the various factors affecting the above, including:

- The difficulty of extending the existing scheme in regard to increasing member representation and the problem in guaranteeing any % spend on such a short extension.
- Lack of flexibility of the existing scheme for Schools to hand back a reduced level of responsibilities.
- The difficulty in applying a five year cycle of electrical/gas testing/external redecoration to other than a five year scheme.
- The fact that some 'premises' responsibilities could be included in the scheme, for instance:
  - Portable Appliance Testing
  - Lifting Beams/Hoists Checking
  - Play Apparatus Inspection
  - Fire Fighting Equipment Inspection and Service.

After considering these factors the Board propose that a new five year hand back scheme should be offered to all LEA Schools – both community and foundation. Such a scheme would:

- Operate on the same basis of 85% of the delegated budget for building maintenance being the cost of the premium.
- Schools retaining 15% for retained responsibilities, i.e. internal redecoration, floor finishes and glazing.
- Be capable of assuring – due to the extended term – a 65% spend of the premium at each member School. There is an increase from the 60% offered by the existing scheme.

The Board, however, wish to consult with all Schools in respect of the following possible variations that could be incorporated into this successor scheme by allowing Schools to elect for either Level 1 or Level 2 responsibilities:

---

### Option 1

Level 1, this would include all costs associated with servicing of fixed plant and services to meet all statutory listing requirements including:

- Boiler servicing
- Fire alarm servicing
- Intruder alarm servicing
- Testing of the electrical installation
- Gas appliance servicing
- Water quality test
- CCTV

**Note:** Level 1 would not include works arising from the inspections/test/servicing and there would be no guaranteed level of spend of the School's premium.

Level 2 would include all delegated responsibilities, as the existing scheme, including 'insurance cover' with a guaranteed 65% spend at the School.

It is envisaged Level 1 would be attractive to Schools who wished to retain control of the majority of the building but pass statutory testing and servicing responsibilities to the BMPP.

Level 2 should be attractive to Schools who would wish to see the majority of the responsibilities pass to the BMPP and have the comfort of the 'insurance cover'.

Costs of Level 2 Pool membership would continue to be assessed at 85% of the delegated budget for Building Maintenance. The Level 1 membership would be 20% of the delegated budget.

### Option 2

As a variation to each of Level 1 and Level 2 it is suggested it may be possible to extend the scheme to include current School retained premises responsibilities, these are:

- Portable Appliance Testing
- Annual Inspection of Playground Equipment
- Annual Inspection of Gymnasium Equipment
- Servicing of Fire Fighting Equipment
- Inspection and Testing of Beams and Hoists.

It is unlikely that any significant reduction in costs will be afforded by the addition of these areas of responsibilities into the BMPP Scheme. Given the low costs currently being incurred there will, however, be a reduction of the School management resource as a result of this proposal.

---

The costs of Option 2 would increase the Level 2 subscription from 85% of the delegated budget for building maintenance to 90% at Primary and Special Schools and 95% at Secondary.

### **Important Notes**

- Due to the complexity of offering various levels and options, it is considered that it would only be practical to operate either Option 1 or Option 2 within any scheme.
- New entrants to the BMPP Scheme would be subject to survey to ensure that no undue liability was being passed to the member Schools.

### **Conclusions**

The support for the existing scheme and the views of the Board are clear in that a successor scheme should be offered to Schools.

### **Proposals**

- That a successor scheme be offered to Schools on a 5-year term.
- That the % of guaranteed spend is raised to 65%.
- That the details of the scheme in regard to Level 1/2 and Options 1/2 be decided by the LEA in consultation with the existing BMPP board following receipt of the views of Schools.

### **BMPP BOARD REPRESENTATIVES**

Dominic Cragoe	Headteacher	Chairperson
Gerald Ward	Diocesan Board	
Catherine Whalen	Headteacher	
Carolyn Howard	Headteacher	
Peter Rout	Governor	
Brian Pearce	Governor	(NASH)
Chris Gillet	Governor	
Malcolm Clayton	Headteacher	
Mary-Anne Massey	Headteacher	(SNAP)
Paul Mitchell	Headteacher	

The Board is supported by various staff from the Education Department