



TO FOLLOW AGENDA ITEMS

This is a supplement to the original agenda and includes reports that were marked 'to follow'.

**NOTTINGHAM CITY COUNCIL
SCHOOLS FORUM**

Date: Thursday 19 January 2017

Time: 1.45 pm

Place: Ground Floor Committee Room - Loxley House, Station Street, Nottingham, NG2 3NG

Governance Officer: Phil Wye **Direct Dial:** 0115 8764637

AGENDA

Pages

7	EDUCATION SERVICES GRANT	3 - 8
8	SCHOOLS BUDGET 2017/18	9 - 18
9	CENTRAL EXPENDITURE BUDGET 2017/18	19 - 22
12	CENTRAL EXPENDITURE BUDGET 2017/18 - EXEMPT APPENDIX	23 - 74

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SCHOOLS FORUM - 19 JANUARY 2017

Title of paper:	EDUCATION SERVICES GRANT 2017/18
Director(s)/ Corporate Director(s):	Alison Michlaska, Corporate Director for Children and Adults Geoff Walker, Director of Finance and Chief Finance Officer
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
Other colleagues who have provided input:	Sarah Molyneux Solicitor and Legal Service Manager 0115 876 4335 sarah.molyneux@nottinghamcity.gov.uk Lynn Robinson HR Business Partner 01158 764 3605 lynne.robinson@nottinghamcity.gov.uk
Summary	
<p>This report is required to gain the approval of Schools Forum to transfer the former Retained Education Services Grant (ESG); now allocated within the Dedicated Schools Grant (DSG) schools block funding, to the Local Authority (LA). This totals £117m nationally and £0.640m for Nottingham</p> <p>This retained funding is to support the LA's statutory duties for all schools. This is in accordance with the Schools and Early Years financial regulations and the Department for Educations (DfE) consultation process relating to the National Funding Formula (NFF)</p> <p>Until 2017/18 this funding was paid directly to the LA.</p>	
Recommendation(s):	
1	To approve funding to support the statutory <u>retained duties</u> of the LA for all pupils as set out in Table 1 section 2.2 totalling £0.640m.
2	To note that no approvals are required for the transitional funding of general duties of £0.478m as set out in section 2.3. This funding is for the statutory requirements of the LA in relation to maintained schools only.
3	To note that the LA: <ul style="list-style-type: none"> a. Is not requested any further funding over and above the transitional funding for 2017/18. b. Will require funding of these services in 2018/19, which will form part of a separate report.
4	To comment on the recommendation to include on the Schools Forum (SF) sub group work programme for 2017/18: <ul style="list-style-type: none"> a. A questions and answers session in relation to the statutory duties of the LA for all pupils as per recommendation 1. b. 2018/19 funding of the statutory duties of the LA for maintained schools only as per recommendation 2.

1. REASONS FOR RECOMMENDATIONS

- 1.1 To ensure compliance with the guidance issued by the Education Funding Agency.
- 1.2 To provide SF with a summary of the services aligned to the retained ESG funding (as set out by the EFA).
- 1.3 To ensure SF understands the transitional ESG funding associated with general duties and the implication that has on services previously provided.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

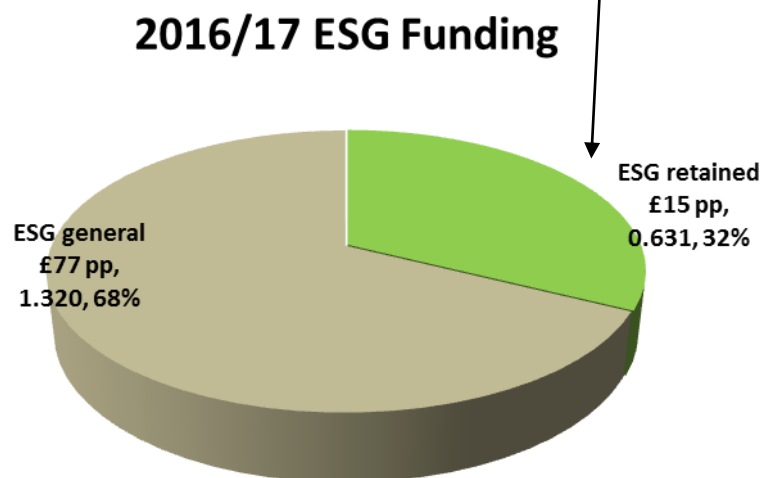
- 2.1 As part of the consultation process in creating a NFF the EFA have created a **central school services block** within the dedicated schools grant (DSG); this is to reflect the ongoing LA role in education.

This is made up of 2 different government funding streams;

- schools block funding that is currently held centrally by local authorities (central expenditure) and
- the retained duties element of the ESG nationally totalling £117m.

- 2.2 The approval for centrally retained services forms part of a separate report; this report however is covering the approval of the **retained funding** of £0.640m for the statutory duties held by the LA for all pupils.

The 2016/17 ESG indicative allocation was as follows:



- 2.3 The duties included covered are set out below in **Table 1**:

TABLE 1: ESG RETAINED ANALYSIS			
		Total Cost £m	Rate PP
1	Director of children's services and personal staff for director	0.097	2.46
2	Planning for the education service as a whole	In 1	
3	Revenue budget preparation, preparation of information on income and expenditure relating to education, and external audit relating to education	0.027	0.67
4	Administration of grants	In 6	
5	Authorisation and monitoring of expenditure not met from schools' budget shares	In 6	
6	Formulation and review of local authority schools funding formula	0.157	3.98
7	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 except duties specifically related to maintained schools.	0.011	0.28
8	Consultation costs relating to non-staffing issues	0.015	0.38
9	Plans involving collaboration with other LA services or public/voluntary bodies	In 1 & 6	
10	Standing Advisory Committees for Religious Education (SACREs)	0.004	0.09
11	Provision of information to or at the request of the Crown other than relating specifically to maintained schools.	In 6	
	<u>Education Welfare</u>		
12	Functions in relation to the exclusion of pupils from schools, excluding any provision of education to excluded pupils	0.135	3.44
13	School attendance	In 12	
14	Responsibilities regarding the employment of children	In 12	
	<u>Asset management</u>		
15	Management of the LA's capital programme including preparation and review of an asset management plan, and negotiation and management of private finance transactions.	0.071	1.81
16	General landlord duties for all buildings owned by the local authority, including those leased to academies.	0.056	1.42
17	Services set out in the table above will also include overheads relating to these services: <ul style="list-style-type: none"> • Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. • Recruitment, training, continuing professional development, performance management and personnel management of staff. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions. 	0.069	1.74
TOTAL		0.640	16.27

These are indicative rates which will be confirmed during 2017/18; benchmarking will be undertaken with other authorities and the outcome feedback into Schools Forum Sub Group.

2.3 Transitional ESG funding for general duties is being allocated directly to LA in 2017/18 and covers April to August. The reduced rates are set out in **Table 2** below and the indicative allocation is £0.478m.

TABLE 2: ESG GENERAL RATES PER PUPIL		
	Full Year Rate	2017/18 5/12ths Allocation Rate
ESG General Funding Rate for mainstream schools	£66.00	£27.50
ESG General Funding Rate for special schools	£280.50	£116.88
ESG General Funding Rate for PRUs	£247.50	£103.13

The duties covered by this grant are set out in **Table 3**. This funding has **no impact** on the budget allocated to Schools in 2017/18 and the LA is not asking Schools Forum for any additional funding for August to March as recommended in the guidance.

TABLE 3: ESG GENERAL	
1	Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services.
2	Budgeting and accounting functions relating to maintained schools.
3	Functions relating to the financing of maintained schools.
4	Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration.
5	Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies.
6	Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools.
7	Functions made under Section 44 of the 2002 Act.
8	Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the Headteacher or governing body.
9	Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the Headteacher or governing body.
10	Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost.
11	HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions.
12	Consultation costs relating to staffing.
13	Compliance with duties under Health and Safety at Work Act.
14	Investigation and resolution of complaints relating to maintained schools.
15	Provision of information to or at the request of the Crown relating to schools.
16	School companies.
17	Functions under the Equality Act 2010.

18	Establish and maintaining computer systems, including data storage.
19	Appointment of governors and payment of governor expenses.
20	<u>Education Welfare</u> Inspection of attendance registers.
21	<u>Asset management</u> General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have: <ul style="list-style-type: none"> • appropriate facilities for pupils and staff (including medical and accommodation) • the ability to sustain appropriate loads • reasonable weather resistance • safe escape routes • appropriate acoustic levels • lighting, heating and ventilation which meets the required standards • adequate water supplies and drainage • playing fields of the appropriate standards
22	General health and safety duty as an employer for employees and others who may be affected.
23	Management of the risk from asbestos in community school buildings.
24	<u>Central Support Services</u> Clothing grants.
25	Provision of tuition in music, or on other music-related activities.
26	Visual, creative and performing arts.
27	Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics).
28	Dismissal or premature retirement when costs cannot be charged to maintained schools.
29	Monitoring of National Curriculum assessments.
30	Services set out in the table above will also include overheads relating to these services: <ul style="list-style-type: none"> • Ensuring payments are made in respect of taxation, national insurance and superannuation contributions. • Recruitment, training, continuing professional development, performance management and personnel management of staff. • Investigations of employees or potential employees, with or without remuneration. • Investigation and resolution of complaints. • Legal services related to education functions.

2.4 For 2018/19 the DfE guidance for general duties refers to the need for LA's to still carry out these services for maintained schools. The options stated to fund delivery are:

- Regulations will be amended to allow LA's to retain some of the schools block fudging to cover the statutory duties; this will need to be agreed by the maintained members of SF.
- Review other funding options.

The review of those services being delivered and the associated costs will need to be discussed as part of the SF sub group during 2017/18 before the need to approve the budget.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG and pupil premium.

4. OUTCOMES/DELIVERABLES

4.1 To allocate budgets to schools on a fair and transparent basis before 31 March 2017 in accordance with the Schools and Early Years Financial Regulations 2015.

5. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)

5.1 Financial implications are contained within this report and are reflected within the LA's Medium Term Financial Plan.

6. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

6.1 The School and Early Years Finance (England) Regulations 2015 apply in relation to the financial year beginning on 1 April 2017 and set out the requirements in relation to the determination of a local authority's schools budget. This report seeks to address those requirements.

7. HR ISSUES

7.1 None

8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in the EIA.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Schools Forum – Central Expenditure Budget 2016/17 – 21 January 2016

10.2 DfE - Schools and Early Years Financial Regulations 2015.

SCHOOLS FORUM - 19 JANUARY 2017

Title of paper:	SCHOOLS BUDGET 2017/18
Director(s)/ Corporate Director(s):	Alison Michlaska, Corporate Director for Children and Adults Geoff Walker, Director of Finance and Chief Finance Officer
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
Other colleagues who have provided input:	Sarah Molyneux Solicitor and Legal Service Manager 0115 876 4335 sarah.molyneux@nottinghamcity.gov.uk Lynn Robinson HR Business Partner 01158 764 3605 lynne.robinson@nottinghamcity.gov.uk
Summary	
<p>This report presents the proposed Schools Budget for 2017/18. The Schools Budget has been prepared in line with the parameters agreed at Schools Forum and with the financial regulations issued by the Department for Education (DfE). Indicative budgets and guidance will be issued to schools by 28 February 2017 with final budgets being confirmed by 31 March 2017.</p> <p>Where applicable, the Medium Term Financial Plan (MTFP) incorporates the impact from the Dedicated Schools Grant (DSG).</p>	
Recommendation(s):	
1	<p>DSG</p> <p>a) To note the overall indicative 2017/18 cost of the Schools, Early Years and High Needs blocks is £256.501m.</p> <p>b) DSG funding of £255.454m supports this cost.</p> <p>c) To note there is currently no unallocated funding (headroom).</p> <p>d) To note the impact to schools budgets of the indicative allocation as set out in Table 6.</p>
2	<p>PUPIL PREMIUM</p> <p>a) To note the allocation of Pupil Premium funding will be allocated to schools in accordance with the grant conditions.</p>

1. REASONS FOR RECOMMENDATIONS

- 1.1 To ensure an understanding of how and on what basis different DfE grants are allocated to the Local Authority (LA) and how they are then allocated to individual schools forming their annual budget allocations.
- 1.2 To provide Schools Forum (SF) with a summary budget position based on the approvals gained in accordance with the Schools and Early Years Financial Regulations 2015.

1.3 To update SF on the impact of any new legislation on the Schools budgets and the financial implications of those changes.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

2.1 Construction of the 2017/18 budget

The purpose of this report is to provide a 2017/18 summary budget position for Schools; this report is a continuation of budget reports presented to SF in accordance with the Schools and Early Years Financial Regulations 2015. These approvals are set out in **Table 1** below:

TABLE 1: ANALYSIS OF APPROVALS		
	Status	SF Approval
De - Delegated Budgets		
Behaviour Support	Approved for Primaries only	3 November 2016
Ethnic Minority Achievement	Approved	
Trade Union Senior Representative Cover Time	Approved	
Building Maintenance Services	Approved	
Sports Safe Gym Maintenance Services	Approved	8 December 2016
Copyright Licensing Agreement/Music Publishing Association Licences	Education Funding Agency (EFA)	
Central Budgets		
Schools and Early Years	Approved	8 December 2016

Funding allocated by the LA to schools is made up from:

- a) DSG (see section 2.2)
- b) Pupil Premium (see section 2.3)

DSG funding

2.2 This is allocated over 3 blocks; Schools, Early Years and High Needs and split between central expenditure and delegated budgets. The budget comparison is set out in **Table 2** below:

TABLE 2: DSG ANNUAL BUDGET COMPARISONS

	Schools £m			Early Years £m			High Needs £m			TOTAL £m		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
Budgets	187.666	192.302	199.181	16.484*	16.777	20.632	20.330	21.275	20.472	224.480*	230.354	240.285
Central Expenditure	7.965	7.812	7.826**	1.159	1.092	1.195	4.677	4.972	7.195	13.801	13.876	16.216
Block Totals	195.631	200.114	207.007	17.643	17.869	21.827	24.702	26.247	27.667	234.646	244.230	256.501
Funding not included in DSG settlement											(1.108)	(1.042)
Early Years reserve											(0.537)	
Headroom											0	0
TOTAL DSG	(after High Needs recoupment)									236.636*	243.280	255.459
AWPU												
Primary										3,050.15	3,126.58	3,123.25
Key stage 3										4,196.64	4,301.73	4,298.40
Key stage 4										4,893.07	5,015.57	5,012.24

* In the 2015/16 budget report this figure didn't include the 2 year old funding (£3.635m), which aligned to the EFA's funding schedule. For completeness and comparisons this figure has now been added.

** includes £0.640m retained former ESG funding.

2.3 Overall DSG funding has increased since 2016/17 indicative budgets by **£12.179m** (£255.459m - £243.280m). This increase is due to the reasons set out in **Table 3** below:

TABLE 3: 2017/18 BUDGET INCREASE ANALYSIS	
	£m
2016/17	
EY - 3 - 4 Year olds allocation updated to reflect the January 2016 census.	(0.260)
EY - 2 Year olds allocation updated to reflect the January 2016 census.	0.250
EYPP - 3 - 4 Year olds allocation updated to reflect the January 2016 census.	(0.280)
HN – Adjustment to the recoupment of high needs places	(0.064)
2017/18	
Schools - Increased pupil numbers (38,050 in 2016/17 to 39,373 in 2017/18)	6.307
Education Services Grant for (retained rate)	0.640
EY - Difference between 16/17 Early years initial allocation and the universal entitlement 3 - 4 Year olds initial allocation	2.250
EY - Additional universal entitlement for 3-4 year olds (pro-rated September 2017 to March 2018)	2.180
EY - Difference between initial 2 Year olds allocation in 16/17 and estimated 2 year old funding based on January 2016 census.	0.280
EY – Disability Access Group	0.080
HN - Uplift for population	0.538
HN - Uplift for population growth	0.258
TOTAL	12.179

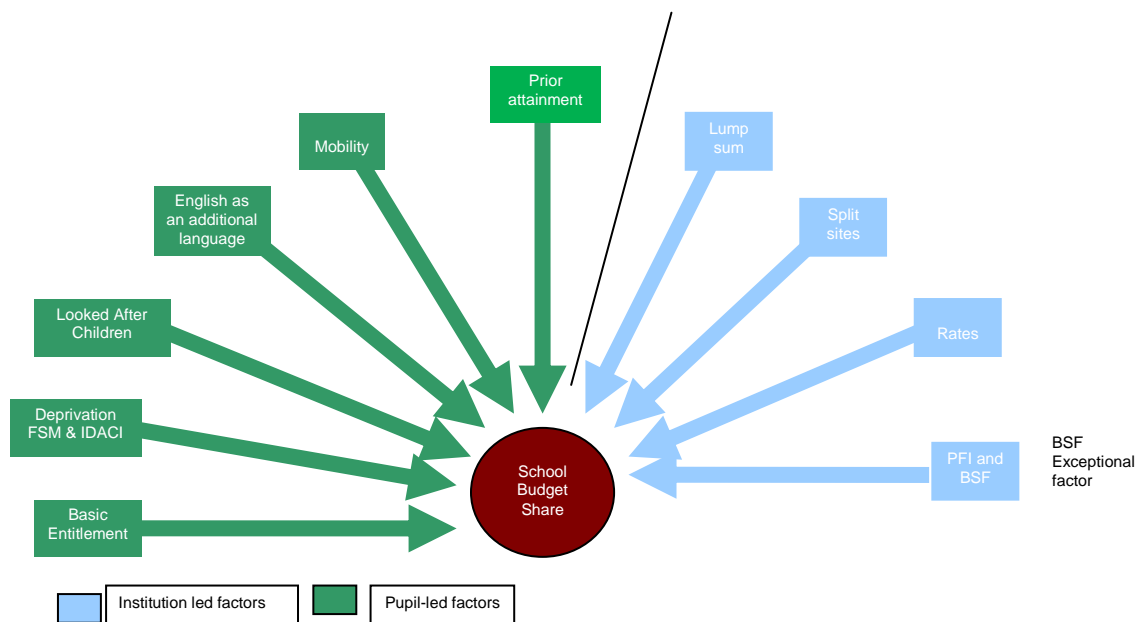
2.4 The impact on these changes to the individual blocks is described below in sections 2.4.1-2.4.3.

2.4.1 Schools Block

The schools block is currently totalling £207.007m, this is funded by:

- DSG £206.826m and
- Reimbursement of costs from academies of £0.181m.

The DSG budget allocation after central expenditure is allocated to schools based on pupil led factors and lump sums; the diagram below shows these factors.



As part of the move to the National Funding Formula (NFF) some of these factors have been adjusted in 2017/18 from 2016/17; this was reported to SF on 8 December 2016, a summary of which is as follows:

- a. The **removal of the Post 16 funding factor**, but with protection through the minimum funding guarantee (MFG);
- b. **New bandings for the index of deprivation** affecting children (IDACI). This factor was also amended in 2016/17 and led to £4.238m not being allocated through pupil led factors; to compensate this Nottingham increased its rates.

As part of the 2017/18 process the EFA issued revised rates for IDACI which Nottingham has adopted to prevent a gap forming between the NFF and local rates in the future. The changes to these rates are set out in **Table 4** below:

TABLE 4: DEPRIVATION FACTORS				
Description	Primary	Secondary	Primary	Secondary
	Current Rates		New Rates	
IDACI Band F	£132.88	£132.88	£200.00	£290.00
IDACI Band E	£132.88	£132.88	£240.00	£390.00
IDACI Band D	£132.88	£132.88	£360.00	£515.00
IDACI Band C	£132.88	£132.88	£360.00	£515.00
IDACI Band B	£370.65	£370.65	£420.00	£600.00
IDACI Band A	£486.45	£486.45	£575.00	£810.00

Overall the schools block has increased by £6.879m however there have been other movements within the block. **Table 4** below demonstrates these movements and how they have been funded.

TABLE 4: SCHOOLS BLOCK FUNDING MOVEMENTS		
Factor	£m	Reason
AWPU	4.483	An increase in pupil numbers – 940 primary, 358 KS3 & 43 KS4.
IDACI	3.056	As referred to above.
English as an Additional Language	0.423	Increase in numbers in primary (2.5%) and secondary (3%) and costs.
Prior Attainment	0.073	Increase in numbers in primary (2.5%) and secondary however new national secondary weighting has reduced costs.
BSF/PFI	0.105	
Free School Meals	0.389	Secondary phase has increased by £0.389m with numbers increasing.
TOTAL	8.529	
FUNDED BY:		
Free School Meals	(0.423)	Even though there is an increase of 940 pupils in primary the number eligible for FSM has reduced from 6,711 to 6,484 (a reduction of 227 pupils). This has resulted in a reduction of £0.423m.
Business Rates	(0.130)	Rate revaluations.
Sixth Form Funding	(0.559)	Schools with sixth forms no longer receive this funding as the factor has been removed by the EFA.
Amalgamated Schools	(0.088)	Fernwood Primary got £0.088m funding last year when it amalgamated. One off funding dropped out in 2017/18.
Minimum Funding Guarantee	(0.441)	
DSG	(6.307)	Increase in pupil numbers from 38,050 to 39,373.
Central Expenditure reduction	(0.616)	
TOTAL	8.564	

The impact of the above on the pupil led factors has resulted in a slight reduction in all 3 AWPU rates of £3.33 compared to 2016/17; this is due to the increased costs per pupil. Despite this small reduction Nottingham still has an average AWPU rate significantly higher than other authorities, this is demonstrated in **Table 5** below:

TABLE 5: 2017/18 AWPU COMPARISONS				
	DfE average rates	Allocated to Nottingham Schools		
		Primary	KS3	KS4
Nottingham	5,252.99	3,123.25	4,298.40	5,012,24
Sheffield	4,518.38			
Bristol, City of	4,684.02			
Derby	4,366.82			
Leicester	4,623.02			

Table 6 below shows the schools % budget movement by sector for 2017/18.

TABLE 6: % BUDGET MOVEMENTS IN SCHOOLS				
Phase	No. of schools with no gain or loss greater than 5%	No. of schools with a gain greater than 5%	No. of schools with a loss greater than 5%	Total number of schools
Primary	51	22	0	73
Secondary	9	6	1	16
Total	60	28	1	89

2.2.2 Early Years (EY)

The EY's block indicative value is £21.827m, this is funded by:

- DSG £21.549m and
- Reserve £0.278m

EY's DSG funding from April 2017 is based upon the new EY national funding formula (EYNFF) as announced by the EFA on 1 December 2016 and totals.

DSG - LA allocation

Within this provisional allocation there is funding for:

- 3 & 4 year old universal entitlement (£17.070m),
- 2 year old funding (£4.159m) and
- EY Pupil Premium (EYPP) (£0.240m) estimated based on January 2016 pupil counts. Final allocations will be based on 5/12ths x January 2017 pupil numbers and 7/12ths x January 2018 pupil numbers.
- Early Years disability access fund (£0.080m).

The 3 & 4 year old funding includes a provisional allocation of £2.180m for the additional hours from September 2017 for children of working parents meeting the national eligibility criteria. Their estimate for Nottingham **implies that 25% of pupils accessing the 3 & 4 year old universal entitlement will take up the additional**

hours. Final allocations will be based on actual participation as above for the universal entitlement. Funding rate is £4.92 per hour.

The funding rate for 2 year olds has increased from £4.88 to £5.23 per hour from April 2017.

The EYPP funding rate is unchanged at £0.53 per hour.

Distribution of EY funding

3 & 4 year olds - **Table 7** below set out the agreed rates for 2017/18:

TABLE 7: EY FUNDING FORMULA		
Formula element	Hourly rate £	Eligibility criteria
Base rate	4.15	Hourly base rate for all pupils/providers
Deprivation supplement	1.40	Additional hourly supplement for pupils eligible for EYPP
Flexibility supplement	0.10	Addition to the hourly rate attracted by settings open at least 50 weeks of the year

This formula was presented to Schools Forum on 8 December 2016 after a consultation period.

2 Year old funding – Of the £5.23 LA allocation £5.03 (an increase of £0.15) will be allocated to providers with £0.20 retained by the LA.

EYPP - indicative figure for 2017/18 is in line with take up in 2016/17. The significantly higher budget figure for 2016/17 reflects the original EFA over-estimate which was rolled forward from 2015/16.

2.2.3 High Needs (HN)

The HN block indicative value is £21.827m, this is funded by:

- DSG £27.084m and
- EFA income £0.583m

There is no growth funded through the DSG for High Needs however the LA has received a £0.570m share of national £92.5m additional top-up funding based on our proportion of the 2-19 aged population projections for 2016.

2.3 Pupil Premium (PP)

The total PP allocated to schools is made up of 3 of elements and each element has a different pupil criteria supporting, these are described below:

- Pupil Premium - Indicative allocation for all schools will be confirmed in summer 2016 based on the January census; it is assumed at the moment that the rate will probably remain the same as 2016/17, as set out in **Table 8** below.

TABLE 8: PUPIL PREMIUM COMPARISON				
	Primary	Secondary	Service Child	Looked after Child*
	£	£	£	£
2015/16, 2016/17 & 2017/18	1,320	935	300	1,900
2014/15	1,300	935	300	1,900
2013/14	953	900	300	900
2012/13	620		250	

*Looked after Children and eligible pupils who have been adopted from care or leaving care under a special guardianship or residence order.

- Year 7 Catch up Premium Grant – The rate is unconfirmed but the 2016/17 but was £500 per Year 7 pupil who did not achieve at least level 4 in reading and/or mathematics at Key Stage 2 in 2013. This grant is allocated to the LA for maintained schools for distribution and the conditions of the grant are that it must be spent for the purposes of the school for the educational benefit of pupils registered at the school, or for the benefit of pupils registered at other maintained schools and on community facilities.

3. **OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG and pupil premium

4. **OUTCOMES/DELIVERABLES**

- 4.1 To allocate budgets to schools on a fair and transparent basis before 31 March 2017 in accordance with the Schools and Early Years Financial Regulations 2015.

5. **FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 5.1 Financial implications are contained throughout this report.

6. **RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

- 6.1 The School and Early Years Finance (England) Regulations 2015 apply in relation to the financial year beginning on 1 April 2017 and set out the requirements in relation

to the determination of a local authority's schools budget. This report seeks to address those requirements.

7. HR ISSUES

7.1 None

8. EQUALITY IMPACT ASSESSMENT

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions)

No

Yes – Equality Impact Assessment attached

Due regard should be given to the equality implications identified in the EIA.

9. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

9.1 None

10. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

10.1 Schools Forum – Central Expenditure Budget 2016/17 – 21 January 2016

10.2 DfE - Schools and Early Years Financial Regulations 2015.

SCHOOLS FORUM - 19 JANUARY 2017

Title of paper:	CENTRAL EXPENDITURE BUDGET 2017/18
Director(s)/ Corporate Director(s):	Alison Michalska, Corporate Director for Children and Adults Geoff Walker, Chief Finance Officer
Report author(s) and contact details:	Ceri Walters, Head of Commercial Finance 01158 764 128 ceri.walters@nottinghamcity.gov.uk
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Summary	
<p>This report presents the Council's proposed Central Expenditure budget for 2017/18 for those items not approved as part of the 8 December 2016 report.</p> <p>This report has been prepared in accordance with the financial regulations issued by the Department of Education (DfE) and forms part of the Dedicated School Grant (DSG) budget and the current Schools Budget has been prepared on the assumption that these items will be approved.</p>	
Exempt information	
<p>The appendices to the report are exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 because they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) and, having regard to all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. It is not in the public interest to disclose the information because it could prejudice the procurement process and contract negotiations.</p>	
Recommendation(s):	
1	Approve the central expenditure associated with Combined Service - Family Support Appendix 1-5.
2	Approve the central expenditure associated with Combined Service – Integrated Placements Appendix 1-5.
3	Approve the central expenditure associated with Combined Service – Safeguarding Training Appendix 1-5.
4	Approve the central expenditure associated with Combined Service – Serving Vulnerable Children as set out in Appendix 6.
5	Note that the value of any items unapproved will be headroom and transferred to the Statutory School Reserve (SSR) and expenditure will only align to specific services as set out by the Education Funding Agency (EFA).

1 REASONS FOR RECOMMENDATIONS

- 1.1 On 8 December 2016 the Schools Central Expenditure budget for 2017/18 was presented to Schools Forum (SF). SF requested further information in relation to the 4 items in order to make a budget decision. These items are:
- a. Combined Service – Family Support.
 - b. Combined Service – Integrated placements.
 - c. Combined Service – Safeguarding Training
 - d. Combined Service – Servicing Vulnerable Children
- 1.2 SF agreed that due to the timing of these decisions and the need to submit central government returns the schools budget would be developed on the basis that these items would be approved therefore if any amount is not approved the value will be allocated as headroom to the Statutory Schools Reserve (SSR).
- 1.3 Within the Central Expenditure section of the Schools Block this funding would fall under the heading of a combined budget. As part of the baseline exercise carried out by the Education Funding Agency (EFA) this historic commitment was included by the Local Authority (LA) and this was approved by the EFA and included in the LA's baseline for 2017/18.
- 1.4.1 Local authorities (LA) will have the flexibility to move money from the central school services block into other blocks in 2018/19; further guidance on this will be sent out in 2018/19.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 The purpose of this paper is to gain the appropriate central expenditure approvals in order to progress the budget process.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 No other options are available as the recommendations align to the financial regulations issued by the DfE in relation to the allocation of DSG.

4 OUTCOMES/DELIVERABLES

- 4.1 To obtain an agreed 2017/18 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 28 February 2017.

5 FINANCE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 5.1 Any items not approved through this report will be allocated to the SSR however the full cost will not be a saving in 2017/18 due to the impact on services and the need to then consult with stakeholders and enter into a consultation process.

6 LEGAL AND PROCUREMENT COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2015. However, these regulations apply for the financial year

starting 1 April 2016 only and are updated annually. The 2016 draft regulations have not yet been produced but on the basis that the substance of the regulations will not change, in relation to the matters which are the subject of this report, from the 2015 Regulations, this report seeks to address the requirements of those Regulations. However, it will be necessary to review these proposals once 2016 regulations have been produced

7 HR ISSUES

- 7.1 In the event that Schools Forum DO NOT support/agree the continuation of any funding arrangements as outlined in this budget report, there could be significant workforce implications that would need to be detailed in separate Chief Officer and Departmental Leadership Team reports. This could include potential employment / contractual obligations, costs and risks to the authority, taking into account appropriate timelines. Management need to consider potential exit payments of any affected post holders.

8 EQUALITY IMPACT ASSESSMENT

- 8.1 Has the equality impact of the proposals in this report been assessed?

No

An EIA is not required because:
(Please explain why an EIA is not necessary)

Yes

Attached as Appendix x, and due regard will be given to any implications identified in it.

9 LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

- 9.1 N/A

10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 10.1 DfE - Schools and Early Years Financial Regulations 2015.

- 10.2 DfE – Children’s & Families Act 2014

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