



**NOTTINGHAM CITY COUNCIL**  
**SCHOOLS FORUM**

**Date:** Thursday, 25 February 2016

**Time:** 1.45 pm

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

**Members are requested to attend the above meeting to transact the following business**

**Governance Officer/Clerk to the Forum:** Phil Wye, Tel: 0115 8764637

**AGENDA**

**Pages**

<b>1</b>	<b>APOLOGIES FOR ABSENCE</b>	
<b>2</b>	<b>DECLARATIONS OF INTEREST</b>	
<b>3</b>	<b>MINUTES OF THE PREVIOUS MEETING</b> Minutes of the last meeting held on 21 January 2016 (for confirmation)	3 - 8
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<b>5</b>	<b>DEFICIT FUNDING FOR HADDEN PARK HIGH SCHOOL</b> Report of the Directors of Education	11 - 16
<b>6</b>	<b>CONSULTATION ON THE REVISED FAIR FUNDING SCHEME</b> Report of the Corporate Director for Children and Adults	17 - 22
<b>7</b>	<b>SCHOOLS BUDGET 2016/17</b> Report of the Corporate Director for Children and Adults and the Director of Finance	23 - 40

IF YOU NEED ANY ADVICE ON DECLARING AN INTEREST IN ANY ITEM ON THE AGENDA, PLEASE CONTACT THE GOVERNANCE OFFICER/CLERK TO THE FORUM SHOWN ABOVE, IF POSSIBLE BEFORE THE DAY OF THE MEETING

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**NOTTINGHAM CITY COUNCIL**

**SCHOOLS FORUM**

**MINUTES of the meeting held at Loxley House, Nottingham on 21 January 2016  
from 1.50pm - 4.05pm**

**Membership**

Present

Mark Precious (Chair) (Items 19-27)  
Sian Hampton (Vice Chair)  
Bev Angell  
Susie Artis (Items 19-27)  
Caroline Caille  
Sally Coulton  
Paul Halcro  
Gary Holmes  
Andy Jenkins  
Judith Kemplay  
Chris Manze  
Richard Matthews (Items 19-27)  
Janet Molyneux  
Terry Smith (Items 19-27)  
James Strawbridge  
Marcus Wells

Absent

Tracy Rees (sent substitute)  
Tracey Ydlibi

Substitutes

Steve Roe (for Tracy Rees)

**Colleagues, partners and others in attendance:**

Kathryn Bouchlaghem	- Early Years Manager
Alistair Conquer	- Head of Education Partnerships
Pat Fielding	- Director of Education
John Hancock	- Member of the public
Julia Holmes	- Finance Analyst, Children and Adults
Lucy Juby	- Project Manager, School Organisation
Charla McDevitt	- Patra Trainee, Constitutional Services
Kathryn Stevenson	- Finance Analyst, Children and Adults
Steve Thorne	- Communications and Marketing Specialist
Ceri Walters	- Finance Business Partner, Children and Adults
Michael Wilsher	- Inclusion Officer, Inclusion and Disability
Phil Wye	- Governance Officer

**19 APOLOGIES FOR ABSENCE**

Tracy Rees (sent substitute)  
Tracey Ydlibi

## **20 DECLARATIONS OF INTEREST**

None.

## **21 MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting on 5 November 2015 were agreed as a correct record and signed by the Chair.

## **22 PROPOSED BUDGET FOR PUPIL GROWTH FOR 2016/17**

Lucy Juby, Project Manager, School Organisation, presented the report outlining the proposed requirements of the pupil growth contingency for 2016/17 and seeking the Forum's approval to allocate funds from the Dedicated Schools Grant to fund this proposal. Lucy highlighted the following:

- (a) as part of the budget setting process for 2016/17, the School Funding team must inform the Education Funding Agency (EFA) by mid-January 2016 on the level of funding allocated for pupil growth for academies for the period April 2016 to August 2016, from the pupil growth contingency fund;
- (b) the level of funding for pupil growth requested for 2016/17 is a reduction on the last two years;
- (c) there are still a few pressure areas in the city in terms of primary school place availability but citywide there has been great improvement made.

### **RESOLVED to**

**(1) approve the allocation of £1.018m to support pupil growth in 2016/17;**

**(2) note:**

- (a) the requirement to allocate funding to academies for the period April 2016 to August 2016 as guided by the EFA;**
- (b) the amount allocated is £0.191m;**
- (c) the funding will be included on the submission of the 2016/17 Authority Pro-Forma Tool sent in to the EFA which includes all school budget shares for 2016/17 and the amounts to be given out to academies for pupil growth April to August 2016;**
- (d) the total amount of academies individual school budget shares will be netted off against the pupil growth given out for this period and the Authority's Dedicated Schools Grant for 2016/17 will be adjusted accordingly.**

## **23 CENTRAL EXPENDITURE BUDGET 2016/17**

Ceri Walters, Finance Business Partner, Children and Adults, presented the report presenting the Council's proposed Central Expenditure budget for 2016/17 which is prepared in accordance with the financial regulations issues by the Department of Education (DfE) and forms part of the Dedicated Schools Grant (DSG) budget. Ceri highlighted the following:

- (a) there is a statutory deadline set by the DfE for local authorities to set indicative budgets to be issued to schools;
- (b) the budget is split into three blocks: Schools, Early Years and High Needs;
- (c) the EFA in the Schools Revenue funding 2016 to 2017 operational guidance states that at least 80% of the funding allocated to schools through the local funding formula must be distributed through pupil led factors. In the financial year 2016/17 91.53% has been allocated through pupil led factors;
- (d) appendix A of the report provides a detailed analysis of central expenditure since 2013/14, including descriptions of individual services and their educational outcomes;
- (e) appendix B of the report provides supplementary information on the early years central expenditure block;
- (f) appendix C provides benchmarking information on the central expenditure against other local authorities which are similar to Nottingham City;
- (g) there is a projected overspend on Termination of Employment costs, which may be due to restructures and academisations. The additional costs will be offset against underspends elsewhere or taken from the Statutory Schools Reserve (SSR) at the end of the year. There is also a projected overspend on Family Support costs;
- (h) Children in Care and Family Support Workers are safeguarded from budget cuts as they are both seeing an increase in number;
- (i) there is a projected overall underspend within the Early Years block for 2015/16, resulting in a planned reduction of this sum for 2016/17;
- (j) there have been underspends in various areas of the High Needs block. However, the budget in these areas has been kept the same as alternative provision in the city is currently under review leading to a number of unknowns;
- (k) the costs of High Needs are increasing nationally, leading to an increase in the projected budget for this in 2016/17;
- (l) a meeting of the Schools' Forum Sub-Group will be convened to discuss the services and benchmarking information in more detail;
- (m) a budget outturn report will be brought to the Forum meeting in June 2016.

**RESOLVED to**

- (1) approve the Schools Block central expenditure for 2016/17 totalling £7.106m as set out in Appendix A of the report;**

- (2) approve the Early Years Block central expenditure for 2016/17 totalling £1.092m as set out in Appendix A of the report;**
- (3) note the High Needs Block central expenditure for 2016/17 totalling £4.972m as set out in Appendix A of the report;**
- (4) note that the central expenditure has not breached in 2016/17;**
- (5) note that the approvals gained from this report will be incorporated into the final budget report in February 2016;**
- (6) suggest new members for the Schools' Forum Sub-Group to either the Chair or the clerk;**

**24 FUNDING TEMPORARY ACCOMODATION FOR BULWELL ST MARY'S CE PRIMARY**

Lucy Juby, Project Manager, School Organisation, presented the report seeking Schools Forum's approval to allocate funding to the cost of temporary accommodation at Bulwell St Mary's CE Primary School, which was installed to accommodate growing pupil numbers in the area. Lucy highlighted the following:

The following responses were given in answer to questions from the Forum:

- (a) the school has decided itself to reduce its Pupil Admission Number (PAN) as it has had difficulty managing the extra children. There is now additional capacity in the area at Heathfield and Rufford Primary schools so the additional capacity at Bulwell St Mary's is not needed;
- (b) it is rare for a school to reduce its PAN, but the additional places at Heathfield and Rufford provide will better value for money for the city;
- (c) a review of secondary school provision in the city will take place soon, with an analysis of all current sites.

**RESOLVED to**

- (1) approve the allocation of £0.304m from the Statutory School Reserve (SSR) to fund the cost of temporary accommodation at Bulwell St Mary's CE Primary for the timeframe September 2015 to July 2020.**

**25 UPDATE ON THE PUPIL GROWTH CONTINGENCY FUND**

Lucy Juby, Project Manager, School Organisation, gave a verbal update, highlighting the following:

- (a) the remaining balance currently stands at £24,924;
- (b) the funding for Blue Bell Hill primary school relating to the period April to August 2014, which should have been paid from the 14/15 fund, has been claimed back

from the EFA;

- (c) The estimated figure for Fernwood Nursery has reduced from an original estimate of £50,185 to an estimate of £30,000.

## **26 WORK PROGRAMME**

The work programme for the next meeting of the Forum was noted.

## **27 CHANGE OF CHAIR**

Mark Precious left the meeting and Sian Hampton took over as Chair.

## **28 APPROACH TO MOVING TO A NEW ALTERNATIVE PROVISION MODEL FOR 2016/17**

Pat Fielding, Director of Education, presented the report giving an update on progress made regarding the recommendations and consultations about the review on Alternative Provision (AP) by Peter Gray. It also consults the Forum on proposed implementation models and options that would be applicable to all mainstream maintained schools, academies and free schools. Pat highlighted the following:

- (a) a review of AP is needed as the number of permanent exclusions continues to increase, making the current system unaffordable with a projected cumulative overspend of £14m over the next 5 years;
- (b) the proposal is to devolve funding for AP out to schools. It is expected that schools will pool funding and work collaboratively;
- (c) a Service Level Agreement will be developed, which will include the requirement for schools to meet the pupil needs within the funding allocated to them, including the costs of AP for pupils they permanently exclude;
- (d) the devolved funding will need to be phased in as Denewood and Unity Learning Centres will still need to be funded for provision for the current permanently excluded pupils;
- (e) further consultation with Head Teachers will take place on 4<sup>th</sup> February;

The following answers were given in response to questions from the Forum:

- (f) the key time will be the transition period and this must be managed effectively;
- (g) there was initially some resistance from some academy trusts, but this has lessened as they have realised that the current system is unsustainable;
- (h) discussions will need to happen as to whether Denewood and Unity Pupil Referral Units will still be required, or whether schools will manage their AP internally or in hubs;

- (i) there are already many AP providers in the city, however not all of these currently offer level 2 qualifications;

Schools' Forum members had some concerns around timelines but were assured that the process is moving as quickly as possible. 1<sup>st</sup> April will be the date that transition starts to the new system so it is recognised that not all schools will be fully ready from that date.

**RESOLVED to**

- (1) note that the February budget report will need to assume a draw-down of up to £2m from the Statutory School Reserve to support the 2016/17 budget;**
- (2) agree to delegate to the Schools Forum sub-group consultation over the Denewood and Unity planned places and top-up funding level for 2016/17.**

**29 RE-CHARGING FOR PLACE-FUNDING AT BECKHAMPTON PUPIL REFERRAL UNIT FOR PUPILS ATTENDING OUT-OF-CITY ESTABLISHMENTS.**

Pat Fielding, Director of Education, presented the report consulting Schools' Forum on the intention to discontinue 'place' funding from the High Needs Block for pupils attending out-of-city establishments and accessing places in Beckhampton Centre Pupil Referral Unit (PRU) in the Local Authority. Pat highlighted the following:

- (a) currently all places at Beckhampton PRU are funded at £10,000 each, whether taken by pupils at city establishments or out-of-city establishments. This places a strain on the city's High Needs block. Re-charging for out-of-city places may help to make the provision more cost-effective as it would bring in around £50,000 per year of additional funding;
- (b) the local authority's intention is to cease funding any new places from 1 April 2016.

**RESOLVED to**

- (1) support the Local Authority's intention to discontinue 'place' funding from the High Needs Block for new pupils from out-of-city establishments accessing places in Beckhampton Centre Pupil Referral Unit from April 1<sup>st</sup> 2016;**
- (2) note the intention of the Local Authority to expect Beckhampton Pupil Referral Unit to re-charge, as appropriate, out-of-city schools, academies and other authorities for the place cost in Beckhampton Pupil Referral Unit from April 1st 2016.**



## SCHOOLS FORUM WORK PROGRAMME

Title of report	Report or presentation	Author – name, title, telephone number, email address
<b><u>21 April 2016</u></b>		
1. Alternative Provision Review	Report	Michael Wilsher, Inclusion Officer, Children and Adults Tel: 0115 8764626 Email: <a href="mailto:michael.wilsher@nottinghamcity.gov.uk">michael.wilsher@nottinghamcity.gov.uk</a>
2. Schools' Collaboration on Resource Efficiency	Report	Ruth Zoumides, Schools Energy Officer, Children and Adults Tel: 0115 8765626 Email: <a href="mailto:ruth.zoumides@nottinghamcity.gov.uk">ruth.zoumides@nottinghamcity.gov.uk</a>
<b><u>16 June 2016</u></b>		
Page 9   2015/16 outturn report	Report	Ceri Walters, Finance Business Partner, Children and Adults Tel: 0115 8764128 Email: <a href="mailto:ceri.walters@nottinghamcity.gov.uk">ceri.walters@nottinghamcity.gov.uk</a>

### Deadlines for submission of reports

Date of meeting	Draft reports (10.00 am)	Final reports (10.00 am)
21 April 2016	23 March	11 April
16 June 2016	25 May	6 June

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**SCHOOLS FORUM – 25 FEBRUARY 2016**

<b>Title of paper:</b>	Deficit funding for Hadden Park High School
<b>Director(s)/ Corporate Director(s):</b>	Pat & Sarah Fielding, Directors of Education
<b>Report author(s) and contact details:</b>	Lucy Juby, <a href="mailto:lucy.juby@nottinghamcity.gov.uk">lucy.juby@nottinghamcity.gov.uk</a> , Project Manager, School Organisation Mandy Bryce, <a href="mailto:mandy.bryce@nottinghamcity.gov.uk">mandy.bryce@nottinghamcity.gov.uk</a> , Finance Manager, Schools Finance Support
<b>Other colleagues who have provided input:</b>	Jon Ludford-Thomas, Senior Solicitor Email: <a href="mailto:jon.ludford-thomas@nottinghamcity.gov.uk">jon.ludford-thomas@nottinghamcity.gov.uk</a> Tel: 0115 87 64398
<b>Summary</b> This report seeks Schools Forum's approval to fund the closing deficit balance of -£0.031m from the Statutory Schools Reserve for Hadden Park High School. Hadden Park High School converted to an academy, sponsored by Bluecoat Academy, on 1 <sup>st</sup> April 2014 and closed their balance in deficit.	
<b>Recommendation(s):</b>	
1	To approve the allocation of £0.031m from the Statutory School Reserve (SSR) to fund the closing deficit balance of -£0.031m from the Statutory Schools Reserve for Hadden Park High School, which converted to an academy, sponsored by Bluecoat Academy, on 1 <sup>st</sup> April 2014.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 Hadden Park High School had a £0.126m school funding reduction in 2013-14 as a result of the reduction in pupil numbers. In 2013/14 the school set a balance budget but showed a deficit year-end balance of -£0.013m.
- 1.2 Following the closure of the school on 31<sup>st</sup> March 2014, the school received a late water bill for £0.018m covering the period March 2013 to April 2014 that had not been included in the school's projections.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 In 2011, there were 509 pupils on roll at Hadden Park. This fell to 425 in October 2013 which resulted in a significant reduction in funding. However, staffing levels remained much the same and this resulted in a deficit budget of -£0.013m.
- 2.2 Water is shared on the Hadden campus between Bluecoat Beechdale, Glenbrook and Glenbrook Management Centre. When Glenbrook and Hadden became academies, an ongoing billing issue was identified where the different buildings had not been billed correctly which led to an outstanding bill of £80,000 in total.
- 2.3 In the summer of 2014, sub-meters were installed at the site to assess how much water was being used by each party. Following this investigation, it was determined

that Hadden Park's share of the bill totalled £0.018m. As the school converted to an academy with a deficit, there are no available funds to pay this bill. The settlement was not completed until 31/03/2015 and resulted in an overdrawn bank account.

- 2.4 There were some direct debt charges incorrectly made to the old school account, Schools Finance Support had to liaise with Bluecoat Academy to resolve this issue.

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

- 3.1 None. There is no available funding within the Council's core budget to fund the deficit balance.

### **4 OUTCOMES/DELIVERABLES**

- 4.1 To balance Hadden park High School's deficit.

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

- 5.1 According to the DfE guidance on **Treatment of surplus and deficit balances when maintained schools become academies**, "where a school with a deficit is to join the Academy Trust of an external sponsor and open as a sponsored academy, the deficit remains with the LA, to be funded from its core budget. Schools deficits are not an allowable charge on the LA's schools budget (funded by its allocation of Dedicated Schools Grant); however, if the schools forum has agreed to de-delegate a contingency provision, then the deficit may be funded from that contingency, depending on the criteria agreed for its use".
- 5.2 Due to budgetary pressures in the Authority, there is no available funding within the Council's core budget to fund the deficit balances.
- 5.3 It is not a viable option to fund the deficit from the de-delegated contingency either, because to generate this deficit funding from maintained schools, this would require a specific rate per pupil to be included in the Age Weighted Pupil Unit and would be given to both maintained schools and academies in the current financial year and then to be removed in the following financial year by making an application to the DfE to exclude this from the mfg (minimum funding guarantee) calculation. It is not guaranteed that the application would be approved.
- 5.4 It is proposed that the £0.031m to be funded from the SSR – Statutory Schools Reserve. Contained within the SSR is a balance of £0.819m which is the balance on the old SSR before the introduction of the ring-fenced DSG.

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

#### **Legal Implications**

- 6.1 The budgetary framework for the financing of maintained schools is contained in Chapter IV of Part II of the School Standards and Framework Act 1998 ("SSFA").

This chapter of the SSFA includes sections 45A (determination of specified budgets of a local authority) and 47A (the duty on a local authority to establish a schools forum for its area).

6.2 Section 45A(2) of the SSFA states that for the purposes of Part II of the SSFA, a local authority's "schools budget" for a funding period is the amount appropriated by the authority for meeting all education expenditure by the authority in that period of a class or description prescribed for the purposes of this subsection (which may include expenditure incurred otherwise than in respect of schools). Section 45A(2A) of the SSFA states the amount referred to in subsection (2) includes the amount of any grant which is appropriated, for meeting the expenditure mentioned in that subsection, in accordance with a condition which –

(a) is imposed under section 16 of the Education Act 2002 (terms on which assistance under section 14 of that Act is given) or any other enactment, and

(b) requires that the grant be applied as part of the authority's schools budget for the funding period.

6.3 This means that the designated schools grant ("DSG"), which is paid to local authorities under section 14 of the Education Act 2002 ("EA2002") essentially on condition imposed by the Secretary of State under section 16 of the EA2002 that it is applied as part of an authority's schools budget for the funding period, is part of the schools budget. Indeed, the DSG is the main source of income for the schools budget (Education Funding Agency ("EFA") guidance *Dedicated schools grant Conditions of grant 2015 to 2016* (December 2014), paragraph 2). Local authorities can add to the schools budget from local sources of income (*ibid*, paragraph 4).

6.4 The detail is prescribed by regulations. The regulations that are in force and apply in the current financial year are the School and Early Years Finance (England) Regulations 2014, SI 2014/3352 ("SEYFR").

6.5 Amongst other things, regulation 1 of SEYFR states the following:-

(4) In these Regulations—

...

"central expenditure" means, in respect of the funding period, the total amount deducted by a local authority from its schools budget in accordance with regulation 8 or, in respect of the previous funding period, the total amount deducted by a local authority from its schools budget in accordance with regulation 8 of the 2013 Regulations;

"expenditure on the schools specific contingency" is central expenditure deducted for the purpose of ensuring that monies are available to enable an increase in a school's budget share after it has been allocated and where it subsequently becomes apparent that a governing body has incurred expenditure which it would be unreasonable to expect it to meet from the school's budget share, which may include expenditure in relation to—

(iii) schools in financial difficulty;

- (iv) the writing off of deficits of schools which are discontinued, excluding any associated costs and overheads;
- (v) new, amalgamating or closing schools; or
- (vi) circumstances which were unforeseen when the school's budget share was initially determined;

“funding period” means the financial year beginning on 1st April 2015;

...

“previous funding period” means the financial year beginning on 1st April 2014 and “previous funding periods” means such funding periods as the context specifies more particularly;

6.6 As the Finance Comments in this report state, there are three ways to fund the closing deficit balance of Hadden Park High School. The first is for Nottingham City Council (“NCC”) to fund the closing deficit balance of Hadden Park High School from NCC’s core funds, but owing to budgetary pressures this is not viable. The second is expenditure on the schools specific contingency (essentially, central expenditure derived from NCC’s schools budget via ‘de-delegation’), but this is not a viable option because of its wider impact on education finance, including the necessity ultimately to make an application to the Department for Education which may not be successful. The third is to fund the closing deficit balance of Hadden Park High School from the statutory school reserve within the DSG, which is considered to be the only viable option.

6.7 The legal avenue for this third option is relatively straightforward. Amongst other things, regulation 8 of SEYFR states the following:-

(6) Where a local authority carries forward a deficit from the previous funding period to the funding period which reduces the amount of the schools budget available, the funding of this deficit from the schools budget must be authorised by its schools forum under regulation 12(1), or by the Secretary of State under regulation 12(3).

6.8 Amongst other things, regulation 12 of SEYFR states the following:-

(1) On the application of a local authority, its schools forum may authorise—

...

(c) the funding of any deficit from the schools budget under regulation 8(6)

6.9 Therefore, if the third option is to be taken to fund the closing deficit balance of Hadden Park High School from the statutory school reserve within the DSG, this is potentially expenditure to be made from the schools budget for NCC and NCC’s DSG at that. It follows that regulation 8(6) of SEYFR requires NCC to seek the approval of Nottingham City Schools Forum under regulation 12(1)(c) of SEYFR for the expenditure referred to in this report, hence this report.

**7 HR ISSUES**

7.1 None.

**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:

Hadden Park High School converted to an Academy on 1<sup>st</sup> April 2014 and became Bluecoat Beechdale Academy. As the proposal is to fund a closing deficit balance, there is no relevant equalities impact to assess.

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

**10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1

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**SCHOOLS FORUM – 25 February 2016**

<b>Title of paper:</b>	Update on the consultation on the revised Fair Funding Scheme and the proposed changes to the Scheme
<b>Director(s)/ Corporate Director(s):</b>	Alison Michalska, Corporate Director for Children and Adults
<b>Report author(s) and contact details:</b>	Mandy Bryce, Finance Analyst, Resources Finance Tel: 0115 8764214 Email:mandy.bryce@nottinghamcity.gov.uk
<b>Other colleagues who have provided input:</b>	Julia Holmes, Finance Analyst, Children and Adults Ceri Walters, Head of Commercial Finance
<b>Summary</b> The purpose of this report is to update Schools Forum on the findings of the consultation on the revised Fair Funding Scheme (“the Scheme”) and to seek approval for the recommended changes to the Scheme.	
<b>Recommendation(s):</b>	
<b>1</b>	To approve the changes made to the Fair Funding Scheme, key changes are outlined in section 2 and full changes are detailed in Appendix A.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 The scheme should outline the financial relationship between the local authority and the schools they maintain. Local authorities are required to revise and publish schemes for the financing of schools in accordance with latest statutory guidance from the Department for Education.
- 1.2 The revision of the Authorities Scheme will strengthen the LA’s overall responsibility for the provision of school budgets and will assist schools in soundly managing their delegated budget share.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 Under Section 48 of the Schools Standards and Framework Act 1998, Local Authorities are required to have schemes of delegation which set out the financial controls and the financial relationship between the local authority and the maintained schools which it funds. The local authority's previous version (2013) is now slightly out of date. As per “Schedule 14 of School Standards and Framework Act 1998”, "as regards any proposed variation of the scheme, the authority shall first consult every governing body and head teacher whom they are obliged to consult". Any proposed revisions to the scheme must be the subject of consultation and require approval by the Schools Forum.
- 2.2 The consultation document was circulated to all Head Teachers of maintained primary and secondary schools and their chair of governors on 8<sup>th</sup> January 2016 and the consultation was open for a two week period.

2.3 The closing date of the consultation was 22nd January 2016. One response was received. They suggested changing the wording of “all Nottingham City schools will operate a Nottingham City Bank account” to “an approved bank account”. This feedback has been taken into consideration in the revised scheme. Other than this, we will assume that schools have no issues with the proposed changes being put forward.

2.4 Key changes proposed:

- Clarify the notification period for any schools that intend to use an alternative payroll provider to Schools Finance Support from one month to three months in line with EMSS payroll requirements.
- Specify the write-off of debts limits and the approval process in line with the LA's Financial Regulation.
- Re-introduce the submission of a 3-year budget plan from all maintained schools by 15<sup>th</sup> July each year – it is best practice to prepare a multi-year budget plan which supports the Governing Body in establishing a view of the schools medium term sustainability and provides the ability to take strategic action in a timely manner where financial issues are highlighted.
- Change the order threshold from £10,000 to £5,000 in accordance with Financial Regulations.
- Change the April cash advance payment from 5% of 5/12<sup>th</sup> of the indicative non-pay budget to 10% to help with schools' cash flow.
- Change to no interest charges on cash advances to schools using external payroll to make it consistent with schools using EMSS payroll.
- Change the deadline from 3 months to 4 months to finalise closed school accounts in line with the DfE guidance.
- Specify the treatment of a deficit school balance and the arrangements in place to minimise the deficit level to prevent the LA from picking up debt from an academy conversion.

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

3.1 To not revise the Fair Funding Scheme to keep it in line with the Department of Education's (DfE) “Schemes for financing schools – statutory guidance for local authorities December 2015”, could expose the LA and schools to high financial risk.

### **4 OUTCOMES/DELIVERABLES**

4.1 By approving the revised Fair Funding Scheme, maintained schools will be required to follow the rules which are set out in the Fair Funding Scheme. This Scheme is based on the guidance set out by Department of Education's “Schemes for financing schools – statutory guidance for local authorities December 2015”.

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

- 5.1 This report seeks approval from Schools Forum to implement an updated version of the authorities Fair Funding Scheme to ensure that the local authorities Scheme conforms to the latest guidance set out in the “Schemes for financing schools – Statutory guidance for local authorities August 2015”.
- 5.2 The revised Fair Funding Scheme clearly outlines the financial responsibilities of Governing Bodies, Head Teachers and the Local Authority and tightens up the financial controls. For example, the revised scheme re-introduces the deadline for the 3-year plan; this will help schools forward plan and identify deficit issues at the earliest opportunity. Appendix A outlines a detailed list of the amendments and insertions to the revised Scheme.
- 5.3 Should Schools Forum feel they cannot approve the revisions or approves them subject to modifications which are not acceptable to the Local Authority, the Authority may apply to the Secretary of State for approval.
- 5.4 There are no direct financial implications or value for money issues arising from this report.

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

6.1 None

**7 HR ISSUES**

7.1 None

**8 EQUALITY IMPACT ASSESSMENT**

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

No

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

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

9.1 The consultation document can be view from this website:

<http://www.nottinghamcity.gov.uk/nottinghamschools/index.aspx?articleid=5918>

**10 PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

10.1 Schemes for financing schools – Statutory guidance for local authorities  
Published by the Department for Education;

Nottingham City Council “Financial regulations and contract procedure rules - version 7.17”;

The Schools Standards and Framework Act 1998;

The Schools and Early Years Finance (England) Regulations 2014

## **Appendix A Changes from previous version (2013)**

- 2.1.14: Update, clarifying the notification period for any schools that intend to use an alternative payroll provider.
- 2.1.16: Insertion, clarifying the banking arrangement for salary payments.
- 2.1.25: Update, clarifying the format of asset register which should be approved by the Chief Finance Officer and any discrepancy should be reported to the Corporate Director of Children & Adults.
- 2.1.27: Insertion, clarifying the value of asset disposal and the approval process.
- 2.1.30: Insertion, clarifying the write-off limit and the approval process.
- 2.3.1: Update, recommending the budget approval by the Full Governing Body.
- 2.3.5: Insertion, A school Governing Body must not plan for a deficit budget.
- 2.3.6: Insertion, the City Council may suspend advances to the bank accounts of those schools that fail to fix their budget before the end of the Summer Term.
- 2.3.7: Insertion, the City Council may require submission of revised budget plans.
- 2.3.8: Update, clarifying the need for the 3 year budget plan.
- 2.3.9: Update, clarifying the format of the 3 year budget plan and requirements.
- 2.3.10: Update, clarifying the importance of preparing a 3 year budget plan.
- 2.3.12: Update, deficit schools will be required to submit a 3 year budget plan as instructed by Schools Finance team and all remaining schools are expected to submit the 3 year budget plan by 15<sup>th</sup> July.
- 2.3.13: Insertion, new financial year's budget share will be provided by the end of February.
- 2.3.14: Insertion, commissioned places and top-up rates and indicative figures for Pupil Premium will be provided by the end of February.
- 2.4.3: Insertion, clarifying the additional requirements on contract submission to accompany the budget plan.
- 2.5.3: Insertion, clarifying the virement approval process for value in excess of £1,000.
- 2.6.2-2.6.5: Insertion, clarifying the responsibilities of the Director of Strategic Finance on internal audit.
- 2.8.2-2.8.4: Insertion, clarifying the annual audit requirements for voluntary and private funds and the consequence of non-compliance.
- 2.9.2-2.9.5: Insertion, clarifying the further guidance on register of business interests.
- 2.10.3: Update, changing the order threshold from £10,000 to £5,000 in accordance with Financial Regulations.
- 2.10.4-2.10.9: Insertion, this section is a new section in line with the DfE Schemes for financing schools 2015.
- 2.11.4-2.11.5: Insertion, drawing out the different types of contract a Governing Body might enter into and on behalf of whom.
- 2.13.2-2.13.4: Insertion, restrictions on the use of the budget are included.
- 2.14.3-2.14.5: Insertion, setting out the approval process for capital works.
- 2.14.6 -2.14.8: Insertion, this section is a new section in line with the DfE Schemes for financing schools 2015.
- 2.15.3: Update, the Service Manager (Support Services) is replaced by the Head of Education Partnership.
- 2.15.4: Insertion, clarifying the occasions for using the notice of concern.
- 2.16.4: Insertion, explaining the LA submission to DfE in terms of Schools Financial Value Standard.
- 3.1: Update, frequency of cash instalments has been updated and the estimated percentage of non-pay budget changes from 5% to 10%. We will no longer provide the monthly cash distribution for non-pay budget shares for schools using EMSS payroll or provide the termly cash distribution for non-pay budget shares for schools using external payroll.

3.2.5: Insertion, adding in the arrangement for cash carried forward.

3.3.1-3.3.2: Update, no interest charges to be made to schools using external payroll for monthly cash advance or on late budget share payments.

3.5.1-3.5.2: Insertion, specifying the bank account arrangements.

3.5.5-3.5.8: Insertion, including new addition to explain the governing body's responsibilities on bank accounts and approval process for opening and closing of any official bank account.

3.6.2-3.6.5: Insertion, a new addition to explain the borrowing requirements and limitations.

4.2.1: Update, changing the surplus balance calculation from 31 May to beginning of June each year.

4.2.5: Insertion, specific purposes for which balances in excess of 5% or 8%.

4.8.3: Update, the DfE guidance has changed the timescale from 3 months to 4 months to finalise closed school account.

4.8.4: Insertion, a new addition to include the DfE guidance on the treatment of surplus and deficit balances when maintained schools become academies.

4.9.1: Insertion, Standards Fund allocation is replaced by Pupil Premium Grant.

4.10.1: Update, change the administered body from Central Finance Planning & Project Team to the Strategic Finance – Children & Adults Team. And interest on the loan should be approved by Director of Strategic Finance.

5.2.2-5.2.3: Insertion, additional requirements on the charging policy.

5.4.2, Insertion, new addition to include the Governing Body's responsibility to maximise the sale proceeds.

5.5.2-5.5.3: Insertion, new addition to include the Governing Body's responsibility to manage income.

5.6.2-5.6.4: Insertion, new addition to include the usage of income.

6.2: Insertion, additional information on circumstances in which charges may be made.

7.1: Insertion, more details are provided for VAT treatments.

7.2: Insertion, CIS is a new item.

10.1.1: Update, City Finance Department is replaced by Insurance and Risk Management team.

10.1.2: Update, Corporate Director of Resources is replaced by Director of Strategic Finance.

11.1.2: Insertion, allowing the School Finance Support team to have access to the school's finance system and any other records.

11.3.2: Insertion, setting the limitation on the Governor's allowances.

11.5: Insertion, revising the requirements for Health and Safety.

11.8: Insertion, explaining the Whistleblowing process and removing the previous interest charge on late payments.

12.1.3: Insertion, a new addition on planned preventative maintenance.

13.1.15: Insertion, budget share may not be used to fund community facilities.

13.4.1-13.4.2: Insertion, including specific requirements for exercising community power.

13.6.2: Insertion, adding the equal access for internal and external audit to community facilities.

13.7.3-13.7.4: Insertion, including deficit treatment for community facilities.

**SCHOOLS FORUM - 25 FEBRUARY 2016**

<b>Title of paper:</b>	<b>SCHOOLS BUDGET 2016/17</b>
<b>Director(s)/ Corporate Director(s):</b>	Alison Michlaska, Corporate Director for Children and Adults Geoff Walker, Director of Finance and Chief Finance Officer
<b>Report author(s) and contact details:</b>	Ceri Walters, Head of Commercial Finance 01158 764 128 <a href="mailto:ceri.walters@nottinghamcity.gov.uk">ceri.walters@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	Sarah Molyneux Solicitor and Legal Service Manager 0115 876 4335 <a href="mailto:sarah.molyneux@nottinghamcity.gov.uk">sarah.molyneux@nottinghamcity.gov.uk</a>  Lynne Robinson HR Business Partner 01158 764 3605 <a href="mailto:lynne.robinson@nottinghamcity.gov.uk">lynne.robinson@nottinghamcity.gov.uk</a>
<b>Summary</b>	
<p>This report presents the proposed Schools Budget for 2016/17. 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 29 February 2016 with final budgets being confirmed by 31 March 2016.</p> <p>Where applicable, the Medium Term Financial Plan (MTFP) incorporates the impact from the Dedicated Schools Grant (DSG).</p> <p>An explanation of the Schools Budget framework is outlined in detail in section 2 of this report.</p>	
<b>Recommendation(s):</b>	
<b>1</b>	<p><b>DSG</b></p> <p>a) To note the value of the 2016/17 DSG schools budget is <b>£243.280m</b>.</p> <p>b) To note that this report covers how this funding has been allocated.</p> <p>b) To note that any unallocated DSG will be transferred to the Statutory schools Reserve (SSR) as noted in section 5.4.</p>
<b>2</b>	<p><b>PUPIL PREMIUM</b></p> <p>a) To note the allocation of Pupil Premium, Summer Schools Funding and Year 7 Catch up Premium will be confirmed in Summer 2015 and 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.

## **2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

### **2.1 Construction of the 2016/17 budget**

The purpose of this report is to provide a 2016/17 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:

<b>TABLE 1: ANALYSIS OF APPROVALS</b>		
	<b>Status</b>	<b>SF Approval</b>
<b>De - Delegated Budgets</b>		
Behaviour Support	Approved for Primaries only	18 December 2015
Ethnic Minority Achievement	Approved	
Trade Union Senior Representative Cover Time	Approved	
Sports Safe Gym Maintenance Services	Approved	
Building Maintenance Services	Approved	
Copyright Licensing Agreement/Music Publishing Association Licences	Education Funding Agency (EFA)	
<b>Central Budgets</b>		
Schools and Early Years	Approved	21 January 2016

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

- a) DSG (see section 2.2 & 2.3)
- b) High Needs Level 5+ (see section 2.2)
- c) Pupil Premium (see section 2.4)
- d) Devolved Formula Capital Grant (DFC) (see section 2.5)
- e) Free School Meals to Years 1 and 2 (Key Stage 1) (see section 2.6)

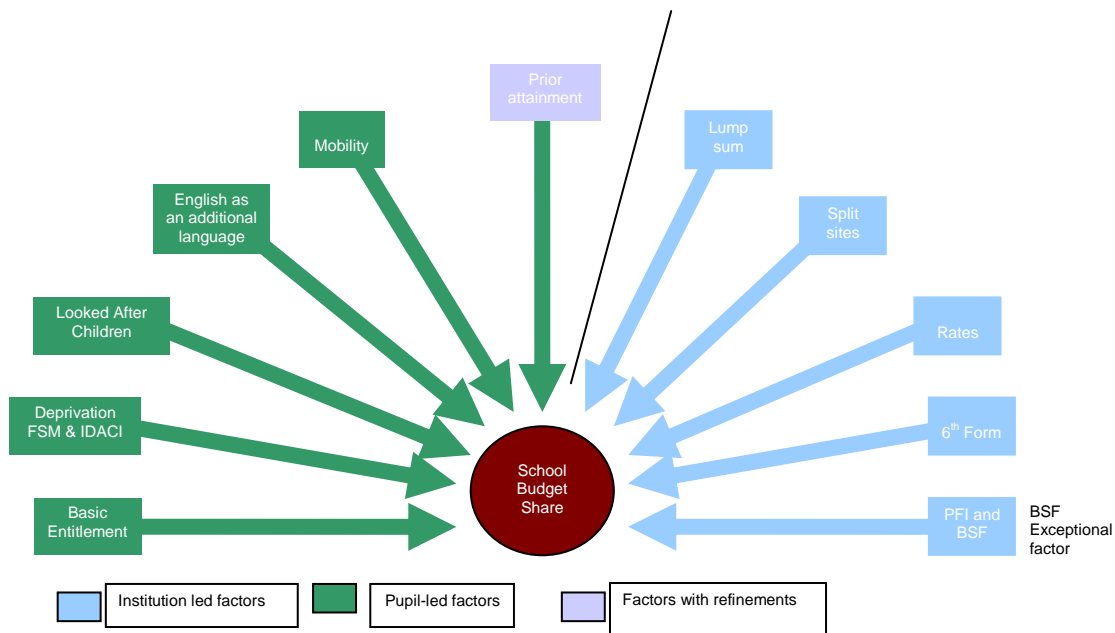
### **2.2 DSG funding**

This is allocated over 3 blocks; Schools, Early Years and High Needs and split between central expenditure and delegated budgets.

#### **Schools Block**

Delegated budgets are formulated based on a number of factors. The diagram below shows the factors used to allocate the DSG to the Schools block.





For 2016/17 96.04% of the Schools block has been allocated based on pupil-led factors. This has increased from 95.9% in 2015/16, 91.36% in 2014/15 and 91.09% in 2013/14.

For 2016/17 the elements supporting the deprivation factor were updated by Central Government. The Income Deprivation Affecting Child Indices (IDACI), which is based on Childrens postcodes and Free Schools Meals Spring 2015 census, was updated. This resulted in £4.238m not being allocated through pupil led factors.

To ensure this funding is allocated for the purpose it was given and to prevent exceptionally high levels of MFG, the LA has increased the rates for this factor, as set out in **Table 2** below:

TABLE 2: DEPRIVATION FACTORS		
Description	Primary & Secondary amount per pupil £	
	2015/16	2016/17
IDACI Band 1	101.27	129.64
IDACI Band 2	101.27	129.64
IDACI Band 3	101.27	129.64
IDACI Band 4	101.27	129.64
IDACI Band 5	282.48	361.61
IDACI Band 6	370.73	474.59

And, in addition the rates of all pupil led factors have increased by 2.5%. These rates have not increased since 2013/14. The rates are set out in **Appendix A**.

## **Early Years (EY)**

The funding allocated by the Education Funding Agency (EFA) for EY's is based on pupil numbers taken from the January 2015 census. This allocation is updated in year and will be based on 5/12ths x January 2016 pupil numbers and 7/12ths x January 2017 pupil numbers.

Indicative EY's allocations to providers, presented in this report, are based on pupil numbers from the last 3 available terms (calendar year 2015). Actual allocations will be based on actual termly participation during the 2016/17 financial year.

The 2016/17 DSG received per pupil for 3 and 4 year olds and disadvantaged 2 year olds has remained the same as for 2015/16. The funding passed on to provisions for the 3 and 4 year old early entitlement and for disadvantaged 2 year olds will also stay at the same level as 2015/16.

In the spending review, the government announced that there will be an extra £300m per year from 2017/18 for an uplift to the national average rate paid for the 2, 3 and 4 year old entitlements of 30p per hour. A new national formula for EY will be implemented from 2017/18 which will be used to distribute this funding. Settings of different types and in different areas will be impacted differently.

The EY Pupil Premium (EYPP) allocation is a provisional DfE estimate which they have rolled forward from 2015/16. The final allocation will be based on the January 2016 and 2017 pupil counts as above. The EYPP rate has remained the same at £0.53 per hour.

## **High Needs (HN)**

No growth is 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.

This funding has been to cover the £0.227m impact on place and associated top-up funding from the increase in planned Special Education Needs (SEN) places for academic year 2016/17, SF were consulted on this issue on the 5 November 2015. This figure does not show on **Appendix b iii** as where the place increase is in an academy, this results in a higher recoupment figure rather than higher planned expenditure.

The remaining funding increase has been channelled into funding to support pupils with SEN in mainstream schools.

The SF sub-group met on 3 occasions during Summer/Autumn 2015 to review SEN support costs and funding in mainstream schools. Trend analysis considered by the group highlighted that the levels of need of pupils starting school have been rising with record number of pupils being supported in Reception and Year 1. Numbers in each cohort requiring support are also increasing as they progress through primary.

The findings of this analysis are reflected in the 2016/17 budget.

The total amount allocated to schools as Additional Inclusion Allowance (AIA) to help support the first £6k of additional needs has increased year on year by £0.235m.

The initial allocation of named pupil High Level Needs (HLN) funding for 2016/17 totalling £1.713m is £0.309m higher than the initial allocation for 2015/16.

### 2.3 Initial DSG allocation

The initial 2016/17 DSG budget allocation for Nottingham is **£243.280m**; this is **before academy recoupment** and assumes:

- Flat cash rate per pupil.
- Funding for 2 year olds.
- Removal of High Needs recoupment of £2.406m place funding.

This figure does not include:

- Pupil Premium.
- Year 7 Catch up Premium Grant.
- Pupil Premium Summer Schools Funding or

This figure is updated throughout the year for the following blocks:

- High Needs – updated in March 2016 to reflect the outcome of the 2016 to 2017 place change requests process and for further academy conversions.
- Early Years – updated in January 2016 based on January 2016 pupil numbers.

The comparison of previous years DSG and how this funding has been allocated is set out in **Table 2** below.

**Appendix Bi, ii and iii** provides more detail of the block funding showing comparable years spend. This format aligns with the Central Expenditure report presented to SF on 21 January 2016.

**TABLE 2: DSG ANNUAL BUDGET COMPARISONS**

	Schools £m			Early Years £m			High Needs £m			TOTAL £m		
	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
Budgets	175.410	187.666	192.302	18.246	16.484*	16.777	20.025	20.330	21.275	<b>213.681</b>	<b>224.480*</b>	<b>230.354</b>
Central Expenditure	8.194	7.965	7.812	1.159	1.159	1.092	4.677	4.677	4.972	<b>14.030</b>	<b>13.801</b>	<b>13.876</b>
<b>Block Totals</b>	<b>183.604</b>	<b>195.631</b>	<b>200.114</b>	<b>19.405</b>	<b>17.643</b>	<b>17.869</b>	<b>24.033</b>	<b>24.702</b>	<b>26.247</b>	<b>227.711</b>	<b>234.646</b>	<b>244.230</b>
Funding not included in DSG settlement											(1.108)	(0.950)
Early Years reserve											(0.537)	0
Headroom										0.599		0
<b>TOTAL DSG</b>										<b>228.310</b>	<b>236.636*</b>	<b>243.280</b>
<b>AWPU</b>												
Primary											3.050.15	3,050.32
Key stage 3											4,196.64	4,196.81
Key stage 4											4,893.07	4,893.24

- 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.

An explanation of the **increase in funding of £10.279m**, from the 2015/16 initial budget of £233.001m to the 2016/17 budget allocation, is set out in **Table 3** below:

<b>TABLE 3: 2016/17 BUDGET INCREASE ANALYSIS</b>	
	<b>£m</b>
<b>2015/16</b>	
Non-recoupment academies cash adjustment	0.520
3 - 4 Year olds allocation updated to reflect the January 2015 census.	0.540
Early Years Funding for 2 year olds	3.630
2015/16 high needs adjustment to reflect the change from residency to location basis for post-16	0.650
Recoupment of Non Maintained Special School (NMSS) places from the EFA	(0.540)
Adjustment to Post 16 Income from the EFA	0.091
<b>2016/17</b>	
Increased pupil numbers (36,025 in 2015/16 to 38,050 in 2016/17)	4.962
Additional growth in high needs places to be recouped by EFA	(0.281)
NMSS recouped in 15/16, not recouped in 2016/17 as removed from the baseline	0.670
Summer term funding for places agreed as a part of the AY2015/16 exceptions process	0.017
Total adjustment to reflect the change from residency to location basis for post-16 and NMSS in 2016/17	0.327
Total adjustment for EFA direct NMSS place funding in 2016/17	(0.940)
2016/17 additional high needs block top-up funding	0.570
<b>TOTAL</b>	<b>10.279</b>

#### 2.4 Pupil Premium (PP)

The total PP allocated to schools is made up of 3 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 2015 based on the January census. The 2015/16 pupil premium is £230.322m which has increased from £19.1m in 2014/15.

**Table 4** below shows the comparable rates from previous years.

PP is allocated based on the number of pupils who have been eligible for Free School Meals (FSM) in the last 6 years and follows the pupil, therefore budget allocations will be adjusted if a pupil who is eligible for PP moves educational placements. This is in accordance with the Schools and Early Years Financial Regulations 2015.

The number of pupil's registered for FSM has reduced by 9.12% in Primarys and 7.28% in Secondarys based on the latest data. There is a national reduction of 23.891% of citizens claiming Job Seekers allowance. Nottingham has reduced by 20.93%.

<b>TABLE 4: PUPIL PREMIUM COMPARISION</b>				
	<b>Primary</b>	<b>Secondary</b>	<b>Service Child</b>	<b>Looked after Child*</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
2015/16 & 2016/17	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.

- Summer Schools Funding – This funding is ceasing from September 2016. The rate until then is unconfirmed but the 2015/16 is £250 per eligible pupil identified by each participating secondary school that will run a Summer School. Final allocations of funding are confirmed once the school has confirmed that the Summer School took place and the numbers of places that were confirmed for eligible pupils.

This grant is allocated to the LA for maintained schools for distribution.

- Year 7 Catch up Premium Grant – The rate is unconfirmed but the 2015/16 rate is £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.

The grant does not have to be completely spent by schools in the financial year it can be carried forward to future financial years.

## **2.5 Devolved Formula Capital Grant (DFC)**

The DFC grant will be based on the January 2015 School Census. The budgeting setting process has assumed that where a school is academising the LA has not allocated that school any grant as it is assumed the DfE will allocate it direct in 2015/16.

Voluntary Aided schools receive their funding direct from the EFA. In some instances, schools may have agreed for the LA to retain part/all of the funding to be used for particular projects. The 2015/16 rates for the DFC are set out in **Table 5** below; these are still being confirmed for 2016/17:

<b>TABLE 5: DFC RATES</b>			
	<b>Per Pupil</b>		<b>Lump Sum</b>
	<b>Per non-boarding FTE £</b>	<b>Per boarding FTE £</b>	<b>Per school £</b>
Nursery / primary	11.25	33.75	4,000
Secondary	16.88	33.75	4,000
Special / PRU	33.75	33.75	4,000

## **2.6 Free School Meals for Reception, Years 1 and 2 and Sixth Forms**

It is the responsibility of the schools to ensure that parents still complete the forms for Pupil Premium purposes where applicable otherwise it will impact on the Ever 6 average allocation to schools.

## **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 2016 in accordance with the Schools and Early Years Financial Regulations 2015.

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

5.1 As stated in section 2.3 the initial 2014/15 DSG budget allocation for Nottingham for 2016/17 is **£243.280m before academy recoupment**.

5.2 This is an **increase of £10.279m on 2015/16**; reasons for this increase are set out in **Table 3** above.

5.3 The Schools and Early Years Blocks include funding for centrally retained services totalling; these have all been approved by SF in line with the Schools and Early Years Financial Regulations 2014.

5.4 Once the DSG has been confirmed any unallocated balance will be allocated to the DSG Statutory School Reserve.

5.5 The de-delegation of Building Maintenance budgets (as per **Table 1**) ensures the LA has the appropriate budget to support its Health and Safety responsibility of maintained school sites. Any underspends of this de-delegation will be allocated to a maintenance reserve; this practice will support, where possible, the annual cycle of maintenance expenditure which can 'peak' and 'trough'. This recommendation has been agreed by SF previously.

- 5.6 As schools academise the de-delegated budgets will reduce their charges requiring the academy to procure the services back if required. A similar process occurs for other LA services funded from the Education Service Grant (ESG).
- 5.7 The SSR balance, review of commitments and risk register will form part of the 2015/16 outturn report.
- 5.8 Funding guidance will be issued to schools along with their 2016/17 indicative budgets. This guidance relates to mainstream schools and academies; there will be separate guidance issued for Special Schools and Pupil Referral Units.

The guidance explains:

- the factors being used to distribute the DSG and
- how other grants have been distributed.

**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 2016 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.



LA Name: Nottingham  
 LA Number: 892

**Pupil Led Factors**

Reception uplift		Yes	Pupil Units		67.00						
Description		Amount per pupil		Pupil Units		Sub Total	Total	Proportion of total pre MFG funding (%)		Notional SEN (%)	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,126.58		24,984.00		£78,114,425	£138,830,928	40.93%		0.28%	
	Key Stage 3 (Years 7-9)	£4,301.73		8,111.00		£34,891,338		18.28%		0.34%	
	Key Stage 4 (Years 10-11)	£5,015.57		5,149.00		£25,825,165		13.53%		0.29%	
Description		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation	FSM % Primary	£1,861.62		6,710.82		£12,492,996	£26,722,250	14.00%		39.37%	
	FSM % Secondary		£2,577.86		3,338.98	£8,607,428				21.11%	
	IDACI Band 1	£132.88	£132.88	1,795.25	948.82	£364,633					
	IDACI Band 2	£132.88	£132.88	1,892.29	904.22	£371,600					
	IDACI Band 3	£132.88	£132.88	7,135.41	3,705.30	£1,440,516					
	IDACI Band 4	£132.88	£132.88	5,922.03	2,974.91	£1,182,226					
	IDACI Band 5	£370.65	£370.65	3,609.84	1,789.04	£2,001,103					
	IDACI Band 6	£486.45	£486.45	332.57	205.51	£261,747					
Description		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
3) Looked After Children (LAC)	LAC X March 14	£1,170.87		186.81		£218,728	£4,705,335	0.11%			
4) English as an Additional Language (EAL)	EAL 3 Primary	£606.77		4,701.83		£2,852,949		2.28%			
	EAL 3 Secondary	£2,033.55		732.64		£1,489,852		0.08%			
5) Mobility	Pupils starting school outside of normal entry dates	£93.42	£93.42	1,244.63	294.70	£143,807					
Description		Weighting	Amount per pupil	Percentage of eligible Y1-3 and Y4-6 NOR respectively	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)		Primary Notional SEN (%)	Secondary Notional SEN (%)
6) Prior attainment	Low Attainment % new EFSP	45.40%		23.40%	5,846.74	£3,248,293	£4,884,845	2.56%		100.00%	
	Low Attainment % old FSP 78		£555.57	23.40%							
	Secondary pupils not achieving (KS2 level 4 English or Maths)		£443.15		3,693.03	£1,636,553					

**Other Factors**

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£125,041.35	£125,041.35			£11,128,680	5.83%		
8) Sparsity factor					£0	0.00%		
Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.								
Primary distance threshold (miles)		Primary pupil number average year group threshold		Fixed or tapered sparsity primary lump sum?	Fixed			
Secondary distance threshold (miles)		Secondary pupil number average year group threshold		Fixed or tapered sparsity secondary lump sum?	Fixed			
Middle schools distance threshold (miles)		Middle school pupil number average year group threshold		Fixed or tapered sparsity middle school lump sum?	Fixed			
All-through schools distance threshold (miles)		All-through pupil number average year group threshold		Fixed or tapered sparsity all-through lump sum?	Fixed			
9) Fringe Payments					£0	0.00%		
10) Split Sites					£674,480	0.35%		
11) Rates					£1,606,833	0.84%		
12) PFI funding					£1,203,781	0.63%		
13) Sixth Form					£558,669	0.29%		
14) Exceptional circumstances (can only be used with prior agreement of EFA)								
Circumstance					Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY15-16					£87,529	0.05%	0.00%	0.00%
Additional sparsity lump sum for small schools					£0	0.00%		
Building Schools for the Future					£442,889	0.23%		
Exceptional Circumstance4					£0	0.00%		
Exceptional Circumstance5					£0	0.00%		
Exceptional Circumstance6					£0	0.00%		

<b>Total Funding for Schools Block Formula (excluding MFG Funding Total) (£)</b>	<b>£190,846,219</b>	<b>100.00%</b>	<b>£12,032,462</b>
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15) Minimum Funding Guarantee (MFG is set at -1.5%)			£1,400,490
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)			Yes
Capping Factor (%)	3.00%	Scaling Factor (%)	100.00%
Total deduction if capping and scaling factors are applied			-£256,548
	Total (£)	Proportion of Total funding(%)	
MFG Net Total Funding (MFG + deduction from capping and scaling)	£1,143,942	0.60%	
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)			
Additional funding from the high needs budget			£1,689,218.00
Growth fund (if applicable)			£1,017,614.00
Falling rolls fund (if applicable)			£0.00
<b>Total Funding For Schools Block Formula</b>			<b>£191,990,161</b>
<b>% Distributed through Basic Entitlement</b>			<b>72.74%</b>
<b>% Pupil Led Funding</b>			<b>91.77%</b>
<b>Primary: Secondary Ratio</b>			<b>1 : 1.34</b>

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**SCHOOLS BLOCK ANALYSIS**

**APPENDIX B i**

DESCRIPTION OF SERVICE	EDUCATIONAL OUTCOMES	EXPENDITURE TITLE	2013/14				2014/15				2015/16	2016/17
			Budget £m	Outturn £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Forecast £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Budget £m
<b>DIRECT SCHOOLS PROVISION</b>												
This budget has been calculated based on the local authorities schools funding formula which has been set in line with the Schools and Early Years Finance (England) Regulations 2014 and has been approved by Schools Forum.	Supporting the inclusion, educational and aspirational attainment of pupils in mainstream schools in the city. This does not include pupils in Special Resource Units as these pupils are funded through the High Needs Block.	<b>Mainstream primary and secondary Individual School Budgets</b>	88.924	88.924	0.000							
This budget has been calculated based on the local authorities schools funding formula which has been set in line with the Schools and Early Years Finance (England) Regulations 2014 and has been approved by Schools Forum.	Supporting the inclusion, educational and aspirational attainment of pupils in academies in the city. This does not include pupils in Special Resource Units as these pupils are funded through the High Needs Block.	<b>Academies Individual School Budgets</b>	80.961	81.300	0.339							
From 2015/16 local authorities are now responsible for the calculation of non-recoupment academies and free schools budgets (after the first year of opening). The budget has been calculated based on the local authorities schools funding formula which has been set in line with the Schools and Early Years Finance (England) Regulations 2014 and has been approved by Schools Forum.	Supporting the inclusion, educational and aspirational attainment of pupils in non-recoupment academies in the city.	<b>Non-recoupment academies and free schools Individual School Budgets</b>									6.736	6.142
Refer to the "Proposed budget for pupil growth 2015/16" report approved by Schools Forum 18th December 2014.	Supporting the inclusion, educational and aspirational attainment of pupils in mainstream schools and academies in the city.	<b>Pupil Growth Contingency</b>	0.550	0.541	(0.009)						1.047	1.018
<b>TOTAL DIRECT SCHOOLS PROVISION</b>			<b>170.435</b>	<b>170.765</b>	<b>0.330</b>						<b>187.666</b>	<b>192.301</b>
<b>DE-DELEGATED FUNDING FOR MAINTAINED PRIMARY AND SECONDARY SCHOOLS</b>			<b>1.301</b>	<b>1.202</b>	<b>(0.099)</b>						<b>0.837</b>	<b>0.707</b>
<b>CARBON REDUCTION SCHEME &amp; EQUAL PAY COSTS</b>			<b>0.301</b>	<b>0.258</b>	<b>(0.043)</b>							
<b>CENTRAL EXPENDITURE</b> (2016/17 approved at SF on 21 January 2016)			<b>6.987</b>	<b>6.731</b>	<b>(0.192)</b>						<b>7.128</b>	<b>7.106</b>
<b>TOTAL SCHOOLS BLOCK</b>			<b>179.024</b>	<b>179.019</b>	<b>(0.005)</b>						<b>195.631</b>	<b>200.114</b>

Reserves approved to manage growth. Allowed for four extra classes (£0.188m) in budget which is not currently required.

Based on current programme. Underspend to held in reserves specifically capital programme.

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**EARLY YEARS BLOCK ANALYSIS**

**APPENDIX B ii**

DESCRIPTION OF SERVICE	EDUCATIONAL OUTCOMES	EXPENDITURE TITLE	2013/14				2014/15				2015/16	2016/17
			Budget £m	Outturn £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Forecast £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Budget £m
Page 3 This budget aligns to the projection of funding that will be provided to maintained settings for 3 & 4 year olds based on the Early Years Single Funding Formula (EYSFF).	Funds the educational entitlement for 3 & 4 year olds which impacts on outcomes for children across all areas of the EYFSP.	<b>3 &amp; 4 year old funding maintained schools and academies</b>	8.269	7.910	(0.359)	Pupil numbers	8.371	8.371	0.000		8.579	8.709
This budget aligns to the projection of funding that will be provided to PPCI settings for 3 & 4 year olds based on the EYSFF.	Funds the educational entitlement for 3 & 4 year olds which impacts on outcomes for children across all areas of the EYFSP.	<b>3 &amp; 4 year old funding PPCI settings</b>	3.404	3.535	0.131	Year on year increase in funded hours in PPCI	3.383	3.695	0.312	Year on year Pupil number increases	3.695	3.823
This budget is a contingency for in-year termly adjustments to EYSFF allocations based on actual participation	Funds the educational entitlement for 3 & 4 year olds which impacts on outcomes for children across all areas of the EYFSP.	<b>3 &amp; 4 Year Old funding - contingency</b>	0.300	0.042	(0.258)	Variance is offset by overspend on PPCI expenditure above. Only £0.042m net in-year adjustment in maintained settings.	0.300	0.003	(0.297)	Termly adjustment for maintained sector have had near nil net effect. Underspend on contingency offsets projected overspend above for PPCI settings.	0.000	0.000
This budget will be for early education for eligible 2 year olds. From 2015/16 this will be based on participation. This has previously been based on estimated take up and included trajectory funding meaning prior year figures are not comparable. The indicative DSG allocation does not yet include 2 year old funding. This budget will be amended in year to align to the indicative DSG allocation for 2 year olds.	Funds the educational entitlement for eligible 2 year olds which impacts on outcomes for children across all areas of the EYFSP.	<b>2 Year Old funding</b>	3.740	2.707	(1.033)		6.142	6.142	0.000		3.635	3.635
This is additional funding to support pupils with SEN in the PPCI sector (ISG).	Supporting the inclusion, educational and aspirational attainment of vulnerable city children.	<b>Top Up funding PPCI's</b>	0.050	0.000	(0.050)		0.050	0.050	0.000		0.050	0.085
This budget aligns to the indicative allocation Early Years Pupil Premium.		<b>EYPP</b>									0.525	0.525
<b>TOTAL DIRECT EARLY YEARS PROVISION</b>			<b>15.763</b>	<b>14.194</b>	<b>(1.569)</b>		<b>18.246</b>	<b>18.261</b>	<b>0.015</b>		<b>16.484</b>	<b>16.777</b>
<b>CENTRAL EXPENDITURE</b> (2016/17 approved at SF on 21 January 2016)			<b>1.159</b>	<b>0.950</b>	<b>(0.209)</b>		<b>1.159</b>	<b>1.000</b>	<b>(0.159)</b>		<b>1.159</b>	<b>1.092</b>
<b>TOTAL EARLY YEARS BLOCK</b>			<b>16.922</b>	<b>15.144</b>	<b>(1.778)</b>		<b>19.405</b>	<b>19.261</b>	<b>(0.144)</b>		<b>17.643</b>	<b>17.869</b>

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**HIGH NEEDS BLOCK ANALYSIS**

**APPENDIX B iii**

DESCRIPTION OF SERVICE	EDUCATIONAL OUTCOMES	EXPENDITURE TITLE	2013/14				2014/15				2015/16	2016/17				
			Budget £m	Outturn £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Forecast £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Budget £m				
This budget is for HLN support for named pupils in mainstream schools and Additional Inclusion Allowances.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>High Level Needs Support in Mainstream Schools</b>	2.972	2.972	0.000					3.494	3.494	0.000			3.479	3.889
This budget is for top-up funding for pupils in SEN resource units attached to mainstream schools.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>SEN Resource Units</b>	0.509	0.509	0.000					0.448	0.448	0.000			0.451	0.471
This budget corresponds to the indicative special school budgets. It excludes place funding that will be paid to Nethergate Special Academy directly by the EFA.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Special Schools Indicative Budgets</b>	8.794	8.794	0.000					9.113	9.113	0.000			9.622	9.634
This is a new budget introduced as a result of the Special School Review in order to provide transition support for certain qualifying pupils in their first term.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Special Schools Transition Pupil Budget</b>	NA	NA						NA	NA	NA	NA		0.150	0.150
This budget is a contingency for additional top-up and/or place funding in case pupil numbers in special schools are higher than projected in the indicative budgets.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Special Schools Contingency</b>	NA	NA						0.267	0.100	(0.167)	Funding set aside to the level required if all places fully occupied.		0.100	0.127
This budget is for the net cost of top-up funding for pupils being educated outside of their home LA.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Cross-border top ups (net)</b>	0.894	0.344	(0.550)	Budget took account of anticipated outstanding claims from prior years under old recoupment regulations. Actual cost relates to 2013/14 only under new arrangements.				0.386	0.386	0.000			0.386	0.386
This budget is for HLN support for post-16 pupils in Further Education settings.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Post-16 HLN budget</b>	1.179	0.563	(0.616)	Budget was for a full year but actuals were part year September - March. This funding stream migrated into DSG from September 2013.				0.938	0.891	(0.047)			0.938	0.938
This budget is to pay the costs of provision for SEN pupils placed in independent/non maintained special schools.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Independent/Non Maintained Special Schools</b>	0.675	0.672	(0.003)					0.675	0.675	0.000			0.675	0.686
This budget corresponds to a projection of the indicative PRU budgets for 2015/16.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Pupil Referral Units</b>	4.002	3.911	(0.091)					4.020	4.086	0.066	Retrospective correction to QMC budget relating to 2 financial years.		4.379	4.399
Contingency for Children and Families Act implementation.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Children &amp; Families Act Contingency</b>								0.686	0.629	(0.057)			0.000	0.000
Contingency for alignment Home Tution charges to AWPU.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Contingency for alignment Home Tution charges to AWPU</b>	NA	NA						NA	NA	NA			0.100	0.100
Alternative Provision Contingency.	Supporting the inclusion, educational and aspirational attainment of vulnerable city resident school age.	<b>Alternative Provision Contingency</b>	0.304	0.000	(0.304)					NA	NA	NA			0.050	0.495
<b>TOTAL DIRECT HIGH NEEDS PROVISION</b>			<b>19.328</b>	<b>17.765</b>	<b>(1.563)</b>					<b>20.025</b>	<b>19.821</b>	<b>(0.204)</b>			<b>20.330</b>	<b>21.275</b>

**HIGH NEEDS BLOCK ANALYSIS**

**APPENDIX B iii**

DESCRIPTION OF SERVICE	EDUCATIONAL OUTCOMES	EXPENDITURE TITLE	2013/14				2014/15				2015/16	2016/17			
			Budget £m	Outturn £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Forecast £m	Variance - Over/ (Under) budget £m	Reason for Variance	Budget £m	Budget £m			
<b>CENTRAL EXPENDITURE</b> (Approved at SF on 18th December 2014)			<b>4.704</b>	<b>4.064</b>	<b>(0.640)</b>					<b>4.677</b>	<b>4.289</b>	<b>(0.388)</b>		<b>4.677</b>	<b>4.972</b>
<b>TOTAL HIGH NEEDS BLOCK</b>			<b>24.032</b>	<b>21.829</b>	<b>(3.767)</b>					<b>24.702</b>	<b>24.110</b>	<b>(0.797)</b>		<b>25.007</b>	<b>26.247</b>