

SCHOOLS FORUM - 12 FEBRUARY 2015

Title of paper:	SCHOOLS BUDGET 2015/16
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Summary	
<p>This report presents the proposed Schools Budget for 2015/16. 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 27 February 2015 with final budgets being confirmed by 31 March 2015.</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>	
Recommendation(s):	
1	<p>DSG</p> <p>a) To note the value of the 2015/16 DSG schools budget is £235.459m.</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>
2	<p>PUPIL PREMIUM</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>
3	To approve the use of reserves to support split site catering costs in 2014/15 currently totalling £0.083m and referred to in section 5.8.

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 allocated to individual schools to form 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 2014.

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 2015/16 budget**

The purpose of this report is to provide a 2015/16 summary budget position for Schools; it is a continuation of the interim budget report presented to SF on 18 December 2014.

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

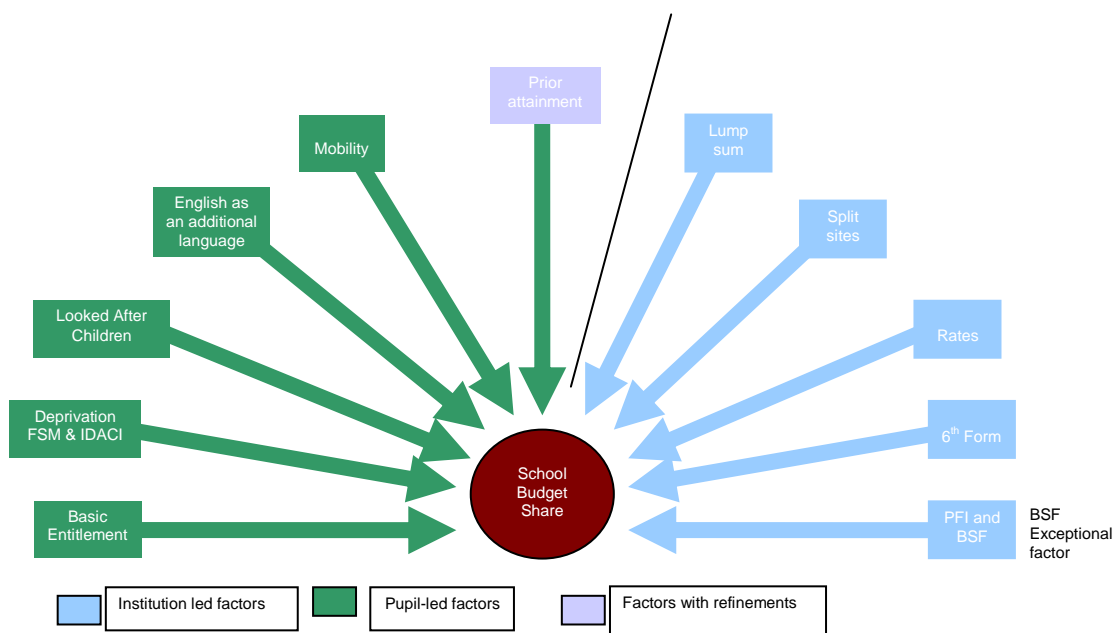
- a) DSG (see section 2.2)
- b) High Needs Level 5+ (former Mainstream Support Group/School Action Plus) (see section 2.5)
- c) Pupil Premium (see section 2.6)
- d) Devolved Formula Capital Grant (DFC) (see section 2.7)
- e) Free School Meals to Years 1 and 2 (Key Stage 1) (see section 2.8)

2.2 DSG funding is allocated over 3 blocks; Schools, Early Years and High Needs with the distribution of funding being based on a number of factors. Guidance, as per **Appendix A**, will be issued to schools along with their 2015/16 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.

The diagram below shows the factors used to allocate DSG.



2.3 Approvals required to allocate the DSG have all been presented to SF with the outcome incorporated into the budget setting process. A summary of the outcomes in

accordance with the Schools and Early Years Financial Regulations 2014 are set out in **Table 1** below:

TABLE 1: ANALYSIS OF APPROVALS		
	Status	SF Approval
De - Delegated Budgets		
Behaviour Support	Approved for Primarys only	18 December
Ethnic Minority Achievement	Approved	16 October
Trade Union Senior Representative Cover Time	Approved	16 October
Sports Safe Gym Maintenance Services	Approved	16 October
Copyright Licensing Agreement/Music Publishing Association Licences	Education Funding Agency (EFA)	
Building Maintenance Services	Approved	18 December
Central Budgets		
Schools and Early Years	Approved	18 December

These approvals enabled the construction of the budgets for Schools and Early Years blocks ensuring that at least 80% of the Schools block is allocated based on pupil-led factors with the exception of statutory functions delivered by the authority.

For 2015/16 the amount allocated to Schools based on pupil led factors is 95.9%; in 2014/15 this was 91.36% and in 2013/14 it was 91.09%.

2.4 Initial DSG allocation

The initial 2015/16 DSG budget allocation for Nottingham is **£235.459m**; this is **before academy recoupmnt** and assumes:

- Flat cash rate per pupil.
- Removal of the Carbon Reduction Credit Energy Efficiency Scheme.

This figure does not include:

- Pupil Premium.
- Year 7 Catch up Premium Grant.
- Pupil Premium Summer Schools Funding or
- Funding for 2 year olds.

The DSG for 2014/15 (as at November 2014) is £228.737m; this includes 2 years olds which is currently excluded from the 2015/16 indicative value.

The 2014/15 pre 2 year old funding is £221.595m, there is therefore an increase of £13.864m in 2015/16; this is due to the reasons set out in **Table 2** below:

TABLE 2: 2015/16 BUDGET INCREASE ANALYSIS
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Transfer of responsibility to the LA for non-recoupment academies and free schools budgets	£m 6.382
CRC Energy Scheme rate increase	(0.036)
Increased pupil numbers (34,842 in 2014/15 36,025 in 2015/16)	6.281
Indicative Early Years Pupil Premium	0.525
Increase in High Needs	0.710
TOTAL	13.864

The increase in pupil numbers includes an element allowed for growth in 4 specific schools; the funding will be allocated out in their ISB's and the school will be informed of this funding. If this growth doesn't materialise, the budget will be adjusted in the following financial year to take account of the reduced pupil numbers. This aligns to the DfE guidance.

The DSG is allocated between 3 blocks. A detailed breakdown of the block allocations and comparable years is set out in **Appendix Bi, ii and iii**.

2.5 High Needs Level 5+

This funding forms part of the DSG allocation initially allocated to the High Needs Block but then allocated to schools and included in the indicative budgets issued on 28 February 2015. This figure is subject to change depending on confirmation of the High Needs block allocation and the impact of the Children and Families Bill.

2.6 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 2015 based on the January census. The value for 2014/15 was £19.1m.

Table 3 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.

TABLE 3: PUPIL PREMIUM COMPARISON				
	Primary	Secondary	Service Child	Looked after Child*

	£	£	£	£
2015/16	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 – The rate for 2014/15 was £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 was £500 for 2014/15 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.

2.8 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 2014/15 rates for the DFC are set out in **Table 4** below; these are still being confirmed for 2015/16:

TABLE 4: DFC RATES		
	Per Pupil	Lump Sum

	Per non-boarding FTE £	Per boarding FTE £	Per school £
Nursery / primary	11.25	33.75	4,000
Secondary	16.88	33.75	4,000
Special / PRU	33.75	33.75	4,000

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

From September 2014 new legislation was implemented entitling all children in Reception and Years 1 and 2 in state funded schools in England to be eligible for FSM. Free meals will also be extended to disadvantaged students in further education and sixth form colleges to mirror entitlement in school sixth forms.

It is the responsibility of the schools to ensure that parents still complete the forms for Pupil Premium purposes where applicable other wise 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 2015 in accordance with the Schools and Early Years Financial Regulations 2014.

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

5.1 As stated in section 2.5 the initial 2014/15 DSG budget allocation for Nottingham for 2015/16 is **£235.459m before academy recoupment**.

5.2 This is an **increase of £13.864m on 2014/15**; 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 2014/15 outturn report.
- 5.8 As part of the 2015/16 budget allocation an amount for split site catering has been incorporated into the formula. This was approved at Schools Forum after consultation with the Schools Forum Sub Group. This was also funded in 2013/14; however approval is required for 2014/15.

It is the recommendation of this report to approve the funding of the 2014/15 costs from the SSR totalling £0.166m for 3 schools (£0.083m per annum each).

The SSR report presented to Schools Forum on 18 December 2014 showed an uncommitted balance of £5.558m forecast for the end 2014/15. This figure has reduced slightly due to a few approved commitments but this amount could still be contained.

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

- 6.1 The School and Early Years Finance (England) Regulations 2014 apply in relation to the financial year beginning on 1 April 2015 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 2015/16 – 18 December 2015
- 10.2 Schools Forum – Statutory Schools reserve 2014/15 – 18 December 2015
- 10.3 Executive Board - Medium Term Financial Plan (MTFP) 2014/15 - 2016/17
- 10.4 DfE - Schools and Early Years Financial Regulations 2014.

