

SCHOOLS FORUM – 23 APRIL 2015

Title of paper:	STATUTORY SCHOOL RESERVE UPDATE
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Summary This report presents the balance on the Statutory Schools Reserve (SSR) and the latest approved commitments aligned to the SSR.	
Recommendation(s):	
1	Note the total value SSR as at 1 April 2014 was £12.781m as referred to in section 5.1.
2	Note the latest commitments against this balance are £7.034m as detailed in Appendix A .
3	Note the latest uncommitted balance of the SSR is £5.747m as per section 5.2.
3	To note the values identified in the risk register set out in Table 1 are £0.818m.

1. REASONS FOR RECOMMENDATIONS

- 1.1 To provide Schools Forum with an update on reserve balances and current commitments. This will enable the funding of future decisions to be taken with the appropriate consideration.
- 1.2 To ensure the financial risks identified for 2015/16 could be contained within the SSR balance.

2. BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 This report sets out the updated position of the reserve balances which will enable the robust consideration of future funding decisions presented to the Schools Forum.

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 Department for Education (DfE) and resemble good practice.

4. OUTCOMES/DELIVERABLES

- 4.1 To ensure that Schools Forum are aware of the reserves balances held, current commitments agreed and potential future risks to ensure decisions about funding future requests are considered with an awareness of all resources available.

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

5.1 The opening reserve balance as at 1 April 2014 was £12.781m. The detail behind the balance was included in the Reserve Update report dated 18 December 2014.

5.2 **Appendix A** sets out the commitments currently aligned to the reserve totalling £7.034m which leaves an **uncommitted balance of £5.747m**.

The balance is 2.47% of the 2015/16 DSG allocation. There are no formal guidelines outlining best practice of this percentage, the guidance only relates to school balances which are 5% for secondary and 8% for primary and specials schools.

The Local Authority's Medium Term Financial Strategy recommends between 2%-4% of its overall settlement.

5.3 Use of this reserve has to align to the Schools and Early Years Finance Regulations 2014.

5.4 In assessing the robustness of the reserves a review of the potential risks have been evaluated using a Risk Assessment Matrix set out in **Table 1** below.

TABLE 1: RISK ASSESSMENT			
POTENTIAL RISK	Worse Case £m	Assessment of risk £m	Estimated exposure £m
Academy DSG recoupmnt Impact on services provided by Local Authority. Risk of reduction of services in conjunction with academisations.	0.700	H	0.630
Deficit Balances for sponsored academy conversions LA has to pick up deficits for academies converting with a sponsor. Worse case is based on the total projected year-end deficits.	0.376	M	0.188
TOTAL	1.076		0.818

The estimated exposure for 2014/15 was £3.916m based on identified risks in February 2014; the rationale for the reduction to £0.818m is set out in **Table 2** below:

TABLE 2: RISK RESERVE MOVEMENT		
POTENTIAL RISK	Increase/ (reduction) £m	Rationale
Academy DSG recoupment	0.066	Exposure reflects the impact to the LA from de-delegated services if all services were not brought back from academies.
Children & Families Bill	(1.319)	Financial impact from the bill is now reflected in the High Needs budget.
High Needs Inter Authority Recoupment	(0.945)	This related to the possibility of historical claims over and above budget, applicable under previous financial regulations. Time lag, review of the 2013/14 actuals and the 2015/16 budget should now be sufficient to accommodate any historical claims.
Extension of FSM	(0.900)	This risk has been removed as the initial concern regarding the payment of £2.30 per meal being insufficient, does not appear to be an issue since its implementation in September 2014.
TOTAL	(3.098)	

- 5.5 As part of the closedown process any 2014/15 underspends will be incorporated into the reserve and carried forward. The drawdown in 2015/16 of any central expenditure underspends will be in accordance with the School and Early Years Finance (England) Regulations 2014.
- 5.6 Use of the reserve has to align to the Education, Children and Young People's Services budget and outturn statements; this return specifies the category's where expenditure can be met from the reserve. These categories are in addition to Schools, Academies and Private, Voluntary and Independent Sector educational settings. Analysis of this is set out in **Table 3** below:

TABLE 3: EXPENDITURE CATEGORIES

HIGH NEEDS BUDGET Top-up funding – maintained schools Top-up funding – academies, free schools and colleges Top-up and other funding – non-maintained and independent providers Additional high needs targeted funding for mainstream schools and academies SEN support services Hospital education services Other alternative provision services Support for inclusion Special schools and Pupil Referral Units (PRU's) in financial difficulty PFI/ BSF costs at special schools and AP/ PRUs Direct payments (SEN and disability) Carbon reduction commitment allowances (PRUs)
EARLY YEARS BUDGET Central expenditure on children under 5
CENTRAL PROVISION WITHIN SCHOOLS BUDGET Contribution to combined budgets School admissions Servicing of schools forums Termination of employment costs Falling Rolls Fund Capital expenditure from revenue (CERA) Prudential borrowing costs Fees to independent schools without SEN Equal pay - back pay Pupil growth/ Infant class sizes SEN transport Exceptions agreed by Secretary of State Other Items

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

6.1 The current law in force in this area is the School and Early Years Finance (England) Regulations 2014. The spend from the SSR needs to align with the requirements of the Regulations, which this report addresses.

7. HR ISSUES

7.1 Not applicable

8. EQUALITY IMPACT ASSESSMENT

8.1 An EIA is not needed as the report does not contain proposals or financial decisions.

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 - Schools Budget 2015/16 – 12 February 2015.

10.2 DfE - Schools and Early Years Financial Regulations 2014

2014/15+ RESERVE COMMITMENTS

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
1	Re-phased BSF Wave 5 funding	29 March 2012 - Agenda Item 12-03-10		0.174			See comment above in Appendix A.
2	Early Years – 2 Year old funding	DfE	Ring fenced funding and underspend in central expenditure carried forward as per financial regulations 2014, Part 2, Chapter 1 paragraph (8).		0.537	0.753	2015/16 drawdown aligns to the 2014/15 budget report.
3	Strategic Partnership Bids	24 Jan 2013 - Agenda Item 7		0.061			This is the balance remaining from the £0.500m initially earmarked within this reserve for one off educational investment.
4	Inclusion Strategy	21 March 2013 - Agenda Item 9	Partnership's inclusion strategy to support young people displaying challenging and/or antisocial behaviour in schools and the community. The report stated that this would be achieved by empowering the Partnership to provide a range of services which would fulfil the statutory duties of the Local Authority.	0.677			Balance recouped from school exclusions – element to be allocated to Nottingham City Secondary Education Partnership. £0.190m for Fair Access for 2014/15 comes from DSG annual budget. £0.867m paid in total.
5	E-learning Centres	27 Jan 2011 - Agenda Item 11-01-17	To underwrite the service until fully traded. The allocation was £0.456m in 2011/12 and £0.364m in 2012/13.	0.150			Slippage in spend due to income received from schools however changes to this service are being implemented, no income being received and this balance is required to fund the changes and underwrite a traded post to address the new primary curriculum.

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
6	Development of Modern Languages and International Education	29 March 2012 - Agenda Item 12-03-07	The retention of a post responsible for International Dimension and Modern Languages as a means of providing schools with the necessary expertise and support to develop their curriculum and external outlook. Agreed at £0.060m per annum for 2012/13 and 2013/14.	0.120			Will be spent during 2014/15 and 2015/16. The full underwrite was not required during 2012/13 and 2013/14, however due to the requirements of the new national curriculum this underwrite will be required over the next 2 years. No further underwrites will be requested.
7	School Improvement	30 Sept 2010 - Agenda Item 10-09-10	£0.270m to ensure the continuation of teaching and learning consultant support for primary schools. This funding was to mitigating any balance in income generated up to that value.	0.090			
8	Communication, Language and Literacy Development	27 Jan 2011 - Agenda Item 11-01-14	The amalgamation of grants into the DSG in 2011/12 resulted in funding received funds the cost of a CLLD Consultant. This funding ceased and it was agreed that the post of CLLD Consultant is extended for a further 3 years to focus on the transition between the Early Years Foundation Stage (EYFS) and Year 1, as Year 1 indicates lower progress than at other transition points. Funding was for £0.055m per annum for 2011/12 – 2013/14.	0.038			Slippage into 2014/15, not further funding required after this funding is used.

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
9	Sustainable Schools Co-ordinator (Apr 14 – Aug 14)	29 March 2012 - Agenda Item 12-03-08	<p>In March 2010 Schools Forum released funding to recruit two Sustainable School Coordinators to develop, support and deliver sustainability projects, and provide guidance and support to the 101 Nottingham City Schools, over a two-year period. It was decided to focus this work on the internationally recognised Eco-School programme as a sustainable framework within which schools can be accredited for their work. For the top award, the Green Flag Award, there is a clear requirement to develop work on Energy Management.</p> <p>In summer 2009 Nottingham City Council set an ambitious target to reduce its own carbon emissions by 31% by 2016. The Council is a participant in the national CRC Energy Efficiency scheme, and therefore failure to achieve our carbon target will bring a substantial fine for the Council. Schools account for 35% of carbon dioxide emissions from Nottingham City Council buildings, so any work undertaken in schools saves money as well as carbon. Funding was for £0.067m per annum for 2012/13 and 2013/14.</p>	0.030			Slippage of £0.030m due to a delay in recruitment.
10	Nottingham City Secondary Education Partnership (NCSEP) – Capital Expenditure	21 March 2013 - Agenda Item 8	A number of sites have been identified to house the PRU from September onwards and discussions are still being considered to secure the most appropriate site for the PRU.		0.825		
11	Safety on school visits	24 April 2014 - Agenda Item 8	Continuation of access to advice and guidance from Education Partnerships to ensure that a consistent approach to the management of off-site visits across schools in the City is maintained and that both schools and employers are compliant with their health and safety obligations. Funding was for £0.030m for 2014/15.	0.030			

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
12	Increased capacity at Westbury School	18 July 2013 - Agenda Item 7	The Local Authority (LA) has increasingly limited capacity in specialist maintained provision for pupils with social, emotional and behavioural difficulties whose needs cannot be met within mainstream schools. This issue is further compounded by the rising birth rate which is already putting significant pressure on primary places across the City. Without increasing the capacity of Westbury School, the LA will need to commission independent specialist day provision to meet the needs of this growing cohort of young people. £0.094m will be required to fund a modular building to accommodate 16 additional learners at Westbury. Spend in 2014/15 academic year.	0.037			
13	Behaviour Support Team Underwrite	5 Dec 2013 - Agenda Item 8	Support of the non statutory element within this service in 2014/15.	0.106			
14	Sustainable Schools Co-ordinator (Sep 14 - Aug 16)	26 August 2013 - Agenda Item 7	<p>The approval for this funding was originally for 2 posts for 2 years. Due to delays in recruitment the current approved funding is sufficient to fund the posts up to September 2014. The additional two years funding being requested will enable the officers to continue and develop their program until September 2016.</p> <p>The funding will enable implementation of technical and behavioural change measures, coupled with teaching from foundation aged children upwards and advice sessions for adults, using available data, over a six month period the project has reported the following savings:</p> <ul style="list-style-type: none"> • £42,000 energy savings pro rata inclusive of CRC • 132 tonnes of CO₂ savings pro rata 	0.034	0.067	0.034	

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
15	Exclusions – Primary	DfE financial regs		0.022			Review requirement as part of Schools Forum Sub Group
16	Exclusions – Secondary	DfE financial regs		0.353			Review requirement as part of Schools Forum Sub Group
17	Fixed Costs for split site kitchens	12 Feb 2015	To support the fixed costs associated with split site kitchens	0.083			This is incorporated in the formula from 2015/16 onwards.
18	Education Service Grant reduction	23 Feb 2012	Aligns to academising schools and the impact to LA services.	0.484			
19	Nethergate place funding	BSF Wave 5	Seven additional places from September 2013. £0.041m allocated in 2013/14 and £0.029 in 2014/15.	0.029			
20	Inter authority recoupment	DfE financial regs	This relates to children who cross borders to attend special schools. There will be no new commitments associated with this based on the new funding formula and any future charges will relate to outstanding charges from other authorities.	0.386			Figure based on last years actual.
21	Contribution to Nottingham Safeguarding Children's Board	5 Dec 2013 - Agenda Item 6	Approve an annual contribution of £13,000 from the Dedicated Schools Grant to the NCSCB on an ongoing basis to ensure the shortfall between the income generated by the Schools and Education Safeguarding Team through the safeguarding training and the £33,000 committed is met.	0.013	0.013	0.013	
22	Funding to support an expanding school – exempt report	24 April 2014 - Agenda Item 14	Funding to support an expanding school	0.164	0.117		
23	Late Admissions to Schools	DfE	Requirement to fund any pupils admitted late to schools.	0.290			
24	Additional growth funding	16 Oct 2014 – Agenda item 10	To fund the shortfall of funding required so support the growth of school places in 2014/15.	0.513			
25	Funding to support an expanding school – exempt report	16 Oct 2014 – Agenda item 14	Funding to support an expanding school	0.165	0.150		

		Date Approved	Funding Narrative	2014/15 £m	2015/16 £m	2016/17 £m	Other Comments
26	Deficit Funding	DfE	Deficit budgets from converting schools	0.270			Currently estimated
27	Business Rate Funding	DfE	Backdated business rate charge to Farnborough	0.206			The DSG has to fund the cost of business rates.
TOTAL COMMITTED				4.525	1.709	0.800	
CUMULATIVE TOTAL				7.034			
BALANCE REMAINING				5.747			