

SCHOOLS FORUM – 3 NOVEMBER 2016

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| Title of paper: | Pupil growth contingency fund – proposed additional budget |
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| Summary | |
| <p>This report outlines the proposed additional budget requirements of the pupil growth contingency for 2016/17 and seeks Schools Forum’s approval to allocate £0.300m of the Dedicated Schools Grant to fund this proposal. The funding will be used to fund pupil growth in both maintained schools and academies.</p> <p>The Department for Education (DfE) Schools Forums: operational and good practice guidance document from March 2015 identifies central spend on and the criteria for pupil growth as one of the functions Forum are responsible for deciding on (Page 5).</p> | |
| Recommendation(s): | |
| 1 | To approve the allocation of an additional £0.300m to support pupil growth in 2016/17 from the Statutory School Reserve. |

1 REASONS FOR RECOMMENDATIONS

- 1.1 The pupil growth contingency fund provides funding predominantly to schools who have admitted additional school children to meet growing need for school places. The level of pupil growth in Nottingham in recent years has been substantial. The Council has invested £41.9m in its primary school expansion programme, which will create a total of over 4000 additional school places over the period of expansion, once all year groups are full.
- 1.2 Staffing, utilities and classroom resource costs associated with these additional places must be funded through the pupil growth contingency fund, using the criteria agreed by Schools Forum in July 2013.
- 1.3 In January 2016, as part of the budget setting process, Schools Forum approved the pupil growth budget of £1.018m for 2016/17. This was a reduction on the previous two years funding, which was £1.523m in 2014/15 and £1.047m in 2015/16. Appendix 2 shows a breakdown of how the funding has been allocated in 2016/17. A contingency of £0.250m was allowed for as new expansions or bulge years came on line. However, in the context of increased migration and continually changing demographics, this is insufficient to meet the need.

- 1.4 The investment of the primary school expansion programme has resulted in a much improved city-wide picture for primary provision, and in most areas of the city we are meeting the need for those pupils joining in Reception. However, there are still significant place pressures in the higher key stage two year groups in most areas of the city. This is a combination of inward migration and the rise in birth rate since 2012 is now impacting on the higher year groups. The last of the smaller cohorts have left year six, so the higher cohorts are now apparent in every year group. Key stage two year groups will continue to grow for the next six years and beyond, an increase of approximately 14% from 2015/16 to 2019/20. Families that are moving into the area are often multi-sibling, which adds to the challenge of admitting siblings into the same school.
- 1.5 We need to work with schools and academies to make provision for admitting more children into the higher year groups. It is anticipated that we need approximately 5-6 additional classes to meet the current need. Based on the agreed funding criteria for staffing, utilities and classroom set up costs, this amounts to £0.270m, the calculation for which is shown below. A further £0.030m is requested to allow for contingency for the remainder of this financial year, to avoid the need for a further request for funds.

| Funding stream | 7/12ths of annual amount (Sept – March) |
|---|--|
| Staffing | £0.034m |
| Utilities | £0.002m |
| Classroom set up | £0.008m |
| Total staffing, utilities and classroom set up | £0.044m x 6 classes = £0.270m |

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Refer to report: proposed budget for pupil growth for 2016/17, 21 January 2016.
- 2.2 The agreed funding criteria per additional class is included at Appendix 1.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 None.

4 OUTCOMES/DELIVERABLES

- 4.1 Continued provision of required school places.

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

- 5.1 This report seeks approval to increase the 2016/17 Pupil Growth contingency from £1.018m to £1.318m, which is an increase of £0.300m. This is to meet the unforeseen increase in demand as outlined in paragraphs 1.3 to 1.5.

- 5.2 This requirement will need to be met from the Statutory School Reserve (SSR). There is already £0.099m ring-fenced in the SSR for pupil growth resulting from an under-spend against the 2015/16 allocation. This proposal will therefore result in a reduction in the un-earmarked SSR balance of £0.201m.
- 5.3 Prior to any decisions made at this meeting, the un-earmarked SSR balance, as per the June 2016 outturn report stands at £4.201m.
- 5.4 Any unspent monies at the end of the financial year will be returned to the SSR.
- 5.5 If Schools Forum approves this request it will also need the Portfolio Holder for Schools approval before the payment is released. This is a requirement of the Local Authority's constitution which applies to all funding streams.

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

6.1.1 Legal Implications

- 6.1.2 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).
- 6.1.3 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.*
- 6.1.4 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).
- 6.1.5 The detail is prescribed by regulations. The current regulations are the School and Early Years Finance (England) Regulations 2015, SI 2014/2033 ("SEYFR").

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

(4) *In these Regulations—*

...

“1996 Act” means the Education Act 1996;

...

“2003 Act” means the Local Government Act 2003;

...

“2014 Regulations” means the School and Early Years Finance (England) Regulations 2014;

...

“capital expenditure” means expenditure of a local authority which falls to be capitalised in accordance with proper accounting practices, or expenditure treated as capital expenditure by virtue of any regulations or directions made under section 16 of the 2003 Act;

...

“CERA” means capital expenditure which a local authority expects to charge to a revenue account of the authority within the meaning of section 22 of the 2003 Act;

6.1.7 Amongst other things, regulation 8 of SEYFR states the following:-

(5) *A local authority must not deduct the expenditure referred to in Schedule 2 (other than expenditure referred to in paragraph 12 (expenditure on licences) and Part 4 (Children and Young People With High Needs) of Schedule 2) without authorisation from its schools forum under regulation 12(1), or from the Secretary of State under regulation 12(3).*

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

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

...

(b) *the making of deductions from the authority's schools budget of expenditure under regulation 8(5);*

6.1.9 Schedule 2 to SEYFR sets out the following expenditure relevant to this report:-

CERA incurred for purposes not falling within any other paragraph of this Schedule or Schedule 1.

...

5

Any deductions under any of paragraphs 1, 2, 3, 4(a), 4(b), 4(c), 4(d) and 4(e) must not exceed the amount deducted under each of the corresponding paragraphs of Part 1 of Schedule 2 to the 2014 Regulations for the previous funding period.

...

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Expenditure due to a significant growth in pupil numbers as a result of the local authority's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area.

6.1.10 Therefore, the expenditure proposed here is potentially expenditure to be made from the schools budget for Nottingham City Council ("NCC") and NCC's DSG at that. This is provided if the money is to be spent in the way proposed in this report that it is either spent as CERA as defined by SEYFR and in accordance with SEYFR, or it is spent due to a significant growth in pupil numbers as a result of NCC's duty under section 13(1) of the 1996 Act to secure that efficient primary education and secondary education are available to meet the needs of the population of its area. That last point is particularly important where it is envisaged that any such expenditure would be made to assist the expansion of an Academy since any expenditure of NCC's schools budget on an Academy without a clear legal duty or power enabling NCC to do so would be unlawful. The reasons for recommendations and the background sections to this report set out that a significant growth in pupil numbers means that section 13(1) of the 1996 Act is potentially engaged here and the proposed expenditure would be lawful on that basis alone.

6.1.11 Lastly as expenditure caught by Schedule 2 to SEYFR, regulation 8(5) of SEYFR requires NCC to seek the approval of Nottingham City Schools Forum under regulation 12(1)(b) of SEYFR for the expenditure referred to in this report, hence this report.

7 HR ISSUES

7.1 Not applicable.

8 EQUALITY IMPACT ASSESSMENT

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

No

An EIA is not required because:

(Please explain why an EIA is not necessary)

Yes



The EIA undertaken for the report submitted on 21 Jan 16 still applies (Proposed budget for pupil growth 2016/17).

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 Proposed budget for pupil growth for 2016/17, 21 January 2016.

Appendix 1

| FUNDING CRITERIA VALUES | | | |
|--|-----------------------------|-----------------------------|---------------------|
| Funding Streams | 7/12ths (Sept-March) | 5/12ths (April-Aug) | Annual Value |
| Staffing | | | |
| Teacher | £17,824 | £12,731 | £30,555 |
| Teaching Assistant | £14,242 | £10,173 | £24,415 |
| Midday Supervisor | £2,150 | £1,536 | £3,686 |
| Total staffing cost package | £34,216 | £24,440 | £58,656 |
| Utilities | | | |
| Utilities Costs (£150 per pupil per annum) | £2,625 (based on 30 pupils) | £1,875 (based on 30 pupils) | £150 x 30 = £4,500 |
| TOTAL COST (staffing and utilities – based on additional 30 pupils) | £36,841 | £26,315 | |
| Classroom set up | | | |
| Classroom set up costs - Fixtures & Fittings | | | Up to £6,000 |
| Smart board kit | | | Up to £2,000 |
| Total classroom set up costs | | | Up to £8,000 |