

SCHOOLS FORUM - 13 JANUARY 2014

Title of paper:	SCHOOLS BUDGET 2014-15	
Director(s)/ Corporate Director(s):	Alison Michlaska, Corporate Director for Children and Adults Carole Mills, Deputy Chief Executive/ Corporate Director for Resources	Wards affected: All
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Summary		
The purpose of this report is to provide an update on the 2014/15 budget position and gain any outstanding approvals required to progress with the 2014/15 budget development.		
The decisions taken within this report will be incorporated into the final budget report presented to Schools Forum on the 13 February 2014 and Executive Board on the 25 February 2014.		
Recommendation(s):		
1	To note the latest position of the 2014/15 Dedicated School Grant (DSG) budget setting process and Pupil Premium settlement.	
2	To approve the de-delegation of the Building Maintenance budgets.	
3	To approve the Schools and Early Years Central Expenditure set out in Appendix A .	
4	To endorse the realignment of the secondary school prior attainment factors and note how this will impact individual school budgets.	
5	To agree that a Schools Forum sub group be re-established in 2014 to review the budget factors and agree that a separate report will be presented before the end of the Summer term outlining the requirements of this group and asking for members.	

1. BACKGROUND

1.1 Construction of the 2014/15 budget

The purpose of this paper is update Schools Forum on the latest Dedicated School Grant (DSG) budget position, gain approvals in order to progress the budget process and provide a timetable of the next steps associated with the process which align to Department of Education (DfE) requirements (See **Table 1**).

The budget setting process aligns to the Schools Funding Reform and the DfE's Schools and Early Years Financial Regulations 2013 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.

In order to progress with the allocation of the DSG budget certain approvals and consultations need to be gained/undertaken with Schools Forum. This report

incorporates any approvals/consultations still required to continue the budget process and achieve the dates set out in **Table 1** below:

TABLE 1: DSG BUDGET TIMETABLE		
Date	DfE/Education Funding Agency (EFA)	Local Authorities (LA's)
By mid January 2014		LA's to gain Schools Forum/Political approval for final 2014-15 funding formula
21 January 2014		Deadline for LA's to submit final 2014/15 school budget proforma to EFA.
February 2014	High Needs Block confirmed	
13 February 2014		Full Budget report to Schools Forum
25 February 2014		Full Budget report to Executive Board for approval.
28 February 2014		Deadline for LA's to confirm budgets for their maintained schools.
By 31 March 2014		Deadline for the LA to give notice of the 2014/15 budget.
June 2014	Early Years Block updated for Early Years pupils from January 2014 census.	

1.2 Initial DSG allocation

The initial DSG budget allocation for Nottingham for 2014/15 is **£228.310m before academy recouplement** which assumes:

- § An increase in learning places for two year olds extending the statutory entitlement to 40% of lower income households nationally. The DfE have estimated that Nottingham will have 2,700 qualifying for a place with funding representing an 80% take up.
- § Flat cash rate per pupil.
- § Removal of the CRC Energy Efficiency Scheme.

During the next two months this figure will be updated by the DfE using the High Needs and Hospital Education census data recently submitted. The allocation in 2013/14 was £220.514m.

1.3 Pupil Premium

The Pupil Premium (PP) allocation will be based on January 2014 census data using an increased rate, comparable rates are set out in **Table 2** below; PP is allocated based on the number of pupils who have been eligible for Free School Meals (FSM) in the last 6 years.

TABLE 2: PUPIL PREMIUM COMPARISON				
	Primary	Secondary	Service Child	Looked after Child*
	£	£	£	£
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.

An update to Schools Forum will be provided when the final Pupil Premium allocation has been received incorporating the impact of FSM to all years 1 & 2.

2. REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 To ensure the achievement of statutory deadlines associated with the 2014/15 budget process set out in **Table 1**.

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

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

4. OUTCOMES/DELIVERABLES

- 4.1 To obtain an agreed 2014/15 Schools Budget, enabling updated schools budgets to be issued to schools within the statutory deadline of the 31 March 2013.

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

To enable the allocation of the DSG budget, in accordance with the timetable set out in **Table 1**, approvals/endorsements are required by Schools Forum in relation to:

- § De-delegating Building Maintenance budgets
- § Central Expenditure and
- § The realignment of Secondary Schools Prior Attainment Factor.

These items are included in **Appendix A** which also includes comparisons from the 2012/13 and 2013/14 budget process. This appendix will be fully completed and form part of the final budget report in February 2014.

The February 2014 budget report will also include:

- An analysis of Pupil Led Factors with an explanation of any changes from the 2013/14 budget process.
- Reserve analysis.
- Risk Register update.
- Pupil growth contingency analysis.
- Minimum Funding Guarantee (MFG) rate and cap on gains assumptions.

De-delegated Services

Table 3 below sets out the approval status of de-delegated services as at 5 January 2014.

TABLE 3: ANALYSIS OF DELEGATED BUDGETS			
	Status	SF Date	
Behaviour Support	Approved	5 December	De-delegated & Underwrite
Ethnic Minority Achievement	Approved	17 October	De-delegated
Trade Union Senior Representative Cover Time	Approved	17 October	De-delegated
Sports Safe Gym Maintenance Services	Approved	17 October	De-delegated
CLA/MPA Licences	Education Funding Agency (EFA)		De-delegated
Building Maintenance Services	TBC	6 January	De-delegated

Approval of the de-delegation of Building Maintenance is required for maintained school sites to enable the LA to deliver the statutory obligation regarding the Health and Safety of these sites. This principle was agreed as part of the 2013/14 budget process; any in year under spends are carried forward to enable funding of programmed and reactive maintenance. The 2013/14 position will form part of the 2013/14 outturn report.

5.3 Central Expenditure

Schools Forum is required to approve individual central expenditure items for the Schools and Early Years Block, these currently total £8.192m and £1.159m respectively. These budgets have reduced by £0.397m from 2013/14 budget process and include items that have already been approved as part of the 2014/15 budget process.

Appendix A provides a breakdown of the DSG budget with annual comparisons, comments and where approval was taken for each Central Expenditure item. The specific items where approval is required for this report are flagged in the appendix.

As part of the 2013/14 closedown process the central expenditure outturn will be reported back to Schools Forum as part of the closedown report, quarterly monitoring is also being introduced in 2014/15. Both of these reports may affect central expenditure allocations in future years.

5.4 Secondary Schools Prior Attainment Factor

Included in the DfE's funding reforms was an optional factor that LA's could use in their local formulas, this factor targets those pupils failing level 4 Maths **and** English. The use of the factor was approved by Schools Forum in September 2012.

An amendment to this factor now targets pupils failing level 4 Maths **or** English. The DfE's reasoning for this is to reflect the significant reduction in pupils achieving level 4 in English and Maths. Whilst this is true nationally Nottingham City is not following the same trend.

This implementation of the widening of the criteria would be an increase in the budget allocation to schools by £1.378m (current allocation is £1.494m); this could not be contained within the current DSG allocation and would create future budget pressures.

To manage this budget gap it is recommended that the local rate be reduced from £832.23 per pupil (pp) to an average rate based on pupil numbers; October 2013 census identified 3,451 pupils aligning to the criteria, this gives an average rate of £432.90 pp.

This recommendation provides minimal disruption to the 2014/15 schools budgets with the impact ranging from a £2k reduction to a £2k increase, see **Appendix B**. The other options considered are set out in **Table 4** below but create significant movement in a high percentage of budgets and will exceed current DSG allocations.

TABLE 4: SECONDARY SCHOOLS PRIOR ATTAINMENT FACTOR	
	Estimated Gain/(Loss)
Reduce both the Key Stage 3 & 4 Age Weighted Pupil Unit	(£0.068m) - £0.011m.
Reduce all secondary deprivation factors (i.e. Free School Meals, Income Deprivation Affecting Children Index) except the Looked After Children factor as this applies to both primary and secondary aged pupils.	(£0.057m) - £0.029m

5.5 To manage the implementation of the Fair Funding Reform a separate working group from within Schools Forum was established; this group ensured the use of the factors was appropriate and agreed. It is recommended that a group be re-established in 2014 to review these factors.

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

6.1 The School and Early Years Finance (England) Regulations 2013 apply in relation to the financial year beginning on 1 April 2014 and set out the requirements in relation to the determination of a local authority's schools budget. This report seeks to address those requirements.

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7. OBSERVATIONS OF THE DIRECTOR OF SCHOOLS AND LEARNING

Not required

8. HR ISSUES

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

9. 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

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

11. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

11.1 Schools Forum reports:

- § Dedicated Schools Grant 2013/14 Final Allocation update - 5 December 2013
- § Schools Budget 2013/14 - 21 March 2013

APPENDIX C – EQUALITY IMPACT ASSESSMENT

Name and brief description of proposal / policy / service being assessed

2014/15 School Budget Process

The purpose of this report is to provide an update on the 2014/15 budget position and gain any outstanding approvals required to progress with the 2014/15 budget development.

Information used to analyse the effects on equality

	Could particularly benefit (X)	May adversely impact (X)	How different groups could be affected: Summary of impacts	Details of actions to reduce negative or increase positive impact (or why action not possible)
People from different ethnic groups	X	X	<p>A) <u>Secondary Schools Prior Attainment Factor</u> - Any pupil failing level 4 Maths or English</p> <p>Included in the DfE's funding reforms was an optional factor that LA's could use in their local formulas, this factor targets those pupils failing level 4 Maths and English. The use of the factor was approved by Schools Forum in September 2012.</p> <p>An amendment to this factor now targets pupils failing level 4 Maths or English. The DfE's reasoning for this is to reflect the significant reduction in pupils achieving level 4 in English and Maths. Whilst this is true nationally Nottingham City is not following the same trend and this is reflected in the DSG allocation.</p> <p>This cost associated with widening the criteria could not be contained within the current DSG allocation and would create future budget pressures.</p>	<p>This decision will have a minimal impact on schools budget and pupils as the recommended allocation method will see a minimal gain or loss to each secondary school budget not exceeding £2k.</p>
Men, women (including maternity/pregnancy impact), transgender people	<input type="checkbox"/>	<input type="checkbox"/>		
Disabled people or carers	<input type="checkbox"/>	<input type="checkbox"/>		
People from different faith groups	<input type="checkbox"/>	<input type="checkbox"/>		
Lesbian, gay or bisexual people	<input type="checkbox"/>	<input type="checkbox"/>		
Older or younger people	<input type="checkbox"/>	<input type="checkbox"/>		
Other (e.g. marriage/civil partnership, looked after children, cohesion/good relations, vulnerable children/adults)	<input type="checkbox"/>	<input type="checkbox"/>		

			<p>To manage this budget gap it is recommended that the local rate be reduced from £832.23 per pupil (pp) to an average rate based on pupil numbers; October 2013 census identified 3,451 pupils aligning to the criteria which gives an average rate of £432.90 pp.</p> <p>This decision to use this factor was considered as part of the 2013/14 budget process which ensured no equality issues.</p> <p>There are no staffing issues generated by this decision.</p>	
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Outcome(s) of equality impact assessment:

No major change needed Adjust the policy/proposal Adverse impact but continue Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

There will be ongoing monitoring of the level of pupils not achieving maths or English.

Approved by (manager signature):

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Date sent to equality team for publishing: