

Schools Forum

21st January 2014

Schools Budget 2014/15

Introduction

1. The purpose of this paper is to provide information and recommendations on the local distribution of the Dedicated Schools Grant for the next financial year. This report provides an update on the education funding settlement received from the Department of Education on 18 December 2013, sets out the proposed Schools Budget for 2014/15 and confirms the final Stockton funding formula arrangements for 2014/15. Within the overall budget setting process, there are a number of decisions that the Forum has responsibility for, and these are presented for a decision.

Summary of Key Points

2. The paper discusses and requests decisions where appropriate, on the following for 2014/15:-
 - a. Dedicated Schools Grant Allocations
 - b. Schools Block spend including Formula Factors
 - c. Early Years Block Spend
 - d. High Needs Block Spend
 - e. Projected Brought Forward School Budget Balance
 - f. Proposed Schools Budget 2014/15
 - g. Academies
 - h. Pupil Premium
 - i. Universal Free Infant School Meals

Dedicated Schools Grant (DSG) Allocations

3. The provisional 2014/15 Dedicated Schools Grant (DSG) allocation for Stockton is £144.108m compared to £143.204 in 2013/14. These amounts include funding for both maintained schools and Academies. The main adjustments between the 2013/14 and 2014/15 DSG allocations are shown in the table below. It should also be noted that there is no provision for pay and price increases within the settlement.

	£m
2013/14 DSG	143.204
Changes for 2014/15:-	
Add: Growth for additional pupils in mainstream schools / academies	0.588
Add: Early Years 2 year Olds	0.871
Less: Reduction for Carbon Reduction Commitment	(0.176)
Less: Reduction in High Needs Block	(0.379)
TOTAL 2014/15 Provisional DSG	144.108

4. The DSG is divided into three blocks, the Schools Block, the Early Years Block and the High Needs Block. Whilst the total DSG is ringfenced the blocks themselves are not.
5. Schools Block :-
- a. The 2014-15 per pupil Unit of Funding for Stockton is £4,486 which is the same as it was in 2013/14. Stockton's allocation for 2014/15 is £114.494m. This is a final allocation and is before academy recoupment which will be taken and given to the EFA (Education Funding Agency) for all Stockton's academies from the DSG allocation.
 - b. Within the 2014/15 DSG allocation, based on the October 2013 school census Stockton receives an additional £588,000 to reflect the increased pupil numbers in mainstream schools / academies. The increase by 131 pupils to 25,550 pupils in total represents an overall increase of 0.5%, with the increase within the primary sector (+2.5%) compared with a decrease of approx 2.5% in the secondary sector.
6. Early Years Block :-
- a. The 2014/15 per pupil Unit of Funding for Stockton is £3,634 which is the same as it was in 2013/14. Stockton's provisional allocation for 2014/15 is £6.982m. The allocation will be updated for January 2014 and January 2015 early years censuses. The Early Years block will continue to pay for free nursery places up to 15 hours in Primary schools, including academies and Private, Voluntary and Independent providers.
 - b. The DfE have allocated £3.069m in 2014-15 for early education places for eligible two year olds. This is a final allocation. It should be noted that the allocation for the second phase responsibility has been calculated on 7/12's of the financial year as it applies from September 2014. This is in contrast to the current year where a full years allocation was provided although

the statutory responsibility for the initial implementation did not commence until September 2013.

7. High Needs Block :-

- a. Stockton's allocation for 2014/15 is £19.563m. The High Needs Block funds place and top-up funding for Stockton's special academy, school and resource bases, support for Stockton children with high needs in mainstream schools, placements of Stockton children in independent and out-borough special schools and some central expenditure related to children with high needs.
- b. The reduction of £379k is disappointing particularly given that the allocations for post 16 FE top up allocations are to cover a full financial year in 2014/15 where our responsibilities in the current year only related to 8/12's of the financial year.
- c. However, the DfE are still to make further adjustments to the high needs allocation after their 2014/15 place review and submission process in January and February 2014.

8. The Department of Energy and Climate Change (DECC) announced on 10 December 2012, that all state funded schools in England will be withdrawn from the CRC Energy Efficiency Scheme (commonly known as the "CRC") participation from April 2014. This means that local authorities will no longer be required to administer the CRC scheme on behalf of schools. The removal of schools from the CRC scheme is intended to be cost neutral to the Exchequer. A deduction is therefore made of £176k from the DSG for 2014-15 to compensate the Exchequer for the loss of revenue resulting from local authorities no longer needing to meet the costs of purchasing carbon allowances for schools under the scheme.

Schools Block Spend

9. The proposed formula factors for 2014/15 and associated values including de-delegation which are due to be submitted to the DfE today are shown in the table below (with 2013/14 shown for comparison):-

Factor	2013/14 Unit Value	2014/15 Unit Value	2014/15 % of Total Funding
AWPU - Primary	£2,565	£2,566	36.0
AWPU - Key Stage 3	£3,285	£3,287	16.9
AWPU - Key Stage 4	£4,787	£4,790	17.3
Free School Meals Ever 6 - Primary	£1,644	£1,644	6.7
Free School Meals Ever 6 - Secondary	£2,332	£2,332	5.9

Looked After Children	£1,295	£1,295	0.3
Low Prior Attainment - Primary	£1,037	£1,037	2.5
Low Prior Attainment - Secondary	£2,594	£1,033	1.7
English as an additional language - Primary	£601	£601	0.3
English as an additional language - Secondary	£2,624	£2,624	0.2
Lump Sum	£169,410	£169,410	10.7
Split Site	£41,076	N/A	
Rates	Actual	Actual	1.2
PFI	Actual	Actual	0.3
TOTAL			100.0

NB the amounts above will be slightly reduced for maintained schools once the de-delegation is taken into account

10. As previously reported to the Forum on 15th October 2013 the main change relates to the methodology for prior attainment for the secondary sector. Members will recall that the basis has changed and has to be allocated to the secondary sector on the basis of pupils not achieving level 4 in English or Maths (our current factor allocates on the basis of pupils not achieving level 4 in English and Maths). It has been assumed that the equivalent funding is distributed in 2014/15 using the modified measure with the factor value reduced accordingly.
11. It is also worthy of note that where a school has a high needs support unit / resource base the number of pupils funded via the budget share formula will be the number on the school roll as at October 2013 census less the number of places in the unit. For the current year the deduction was done on the number of actual pupils in the unit. This deduction is because they will be funded via the High Needs Block rather than the Schools Block Budget.
12. The budgets for rates in 2014/15 is approx £300k less due a number of schools converting to academy status and the mandatory relief that provides and also due to premises reassessment.
13. The minimum funding guarantee (MFG) will continue to apply at minus 1.5% per pupil in 2014/15, the same as in current year. The Government have said it will continue beyond this but haven't yet decided at what level. In order to make the guarantee affordable a cap will be placed on gainers of 2.93% per pupil as previously discussed.
14. The "final" Authority Proforma Tool (APT) is due to be submitted to DfE on 21 January and this will be done subject to agreement of the proposals set out in this report by the Forum.
15. Using these factors with the Autumn 2013 schools census information and other relevant data results in £111.419m being required for

individual school budgets excluding the de-delegated services relating to maintained schools.

16. Notional SEN Budget –

- a. As at present, under the new place-plus approach to high needs funding, mainstream schools and Academies will continue to receive a clearly-identified budget for SEN. This will be their notional SEN budget. Using their notional SEN budget, mainstream schools and Academies will be expected to:
 - i. meet the needs of pupils with low-cost, high-incidence SEN; and
 - ii. contribute up to £6k (excluding standard teaching & learning), towards the costs of provision for pupils with high needs (including those with high-cost, low-incidence SEN)
- b. The notional SEN budget is not a separate budget. It is, however, identified within a school's delegated budget, and consists of part or the whole of several formula factors as set out in the table in para 9 above.
- c. Following DfE guidelines the notional SEN allocation for schools remain on the same basis as used in current year which is as follows:-

	Primary	Secondary
Basic Entitlement - AWPU	6%	4%
Free Schools Meals	14%	13%
Low Prior Attainment	100%	71%

- d. In total this equates to approx £9.8m across primary and secondary school / academies and equates to approx £385 per pupil in each sector across all pupils

17. It is proposed that £160k be set aside for a growth fund to meet the estimated cost of an increase in primary pupil numbers. The criteria for distribution will be as previously agreed by the Forum on 9th July 2013.

18. The Schools Block will fund mainstream schools and the central items that are still allowed from 2014/15. The proposed central items are unchanged from 2013-14 levels and the Schools Forum is asked to approve as follows:-

- a. Contribution to Combined Budgets: £88,748
- b. School Admissions: £200,720
- c. Servicing of Schools Forums: £20,622
- d. Capital Expenditure from Revenue: £911,794

e. Centrally funded termination of employment costs £11,141

19. Overall, the estimated budget requirement for the Schools Block is £1.078m below the DfE allocation for that block.

Early Years Spend

20. Free early year's education for three and four year olds will continue to be funded by Local Authorities through the Early Years Single Funding Formula (EYSFF). The same funding rates utilised in 2013/14 will be applied in 2014/15.

21. As previously reported to members, 15 hours early years education became a statutory entitlement for the first tranche of eligible two year olds from 1 September 2013, with the local authority having a duty to secure provision.

22. From September 2014, this entitlement will be extended further to reach approximately 40% of two-year-old children nationally. The extended eligibility criteria includes children:-

- i. from households in receipt of various low income benefits
- ii. looked after by their local authority;
- iii. with a current statement of special educational needs or an Education, Health and Care plan;
- iv. who have left care through special guardianship or an adoption or residence order;
- v. in receipt of the Disability Living Allowance.

23. The DSG allocation for 2 year olds has increased by £871K. It is proposed that the full allocations for 2 year olds is allocated for 2 years olds in 2014/15, even though the allocation is not ringfenced. The increase in funding from the DfE reflects the increase in places required in the Borough stretching to 1,153 from the autumn term of 2014. As in the current year there is trajectory funding of £330k, intended to support the LA build towards the target number of places.

24. From 2015/16 there will be no trajectory funding and the two year old learning allocations will be based on the levels of actual participation from the January 2015 school and early years census rather than eligible children as at present.

25. As the additional funding has been allocated on the same basis as the first phase, it is proposed that the hourly rate will remain at £4.77 per hour as previously agreed by the Forum in May 2013.

High Needs Spend

26. As required by the EFA, we submitted the number of places that are to be commissioned for high needs next year by 23rd December deadline and this included a number of increases. The budget presented reflects these commissioned places.
27. It is not expected that the final DSG block allocation on the High Needs will be received from the DfE until March once they have reviewed all the LA submissions of commissioned places. It is unknown at this stage if funding will be received for the increase in places we are commissioning.
28. In the current year £0.5m was set aside for contingencies to cover all high needs areas. Experience from the first year of operation of the new system shows that this will be spent. The budget set reflects the number of commissioned places and associated top ups but there is no contingency built into the budget from 2014/15 from next years level of DSG notified from DfE. This is covered further under the use of the projected brought forward balance later in this paper.
29. It is proposed that the top up band values will remain at the same level as in the current year. The place funding levels are determined by the DfE and the only change for 2014/15 is that Post 16 places are to be funded at £10,000 per place rather than £11,164 in special schools and academies subject to DfE consultation. Special schools and academies will not lose out though as the expectation is that top up funding will increase correspondingly.
30. The DfE have announced that transition protection will continue into 2014/15. The authority will ensure that budgets for each school are set at a minimum level. This will be based on if all the pupils in the school or Academy were placed by the authority, and the total number and type of places remained the same in the two financial years, the school or Academy's budget would reduce by no more than 1.5% in cash between 2013-14 and 2014-15.
31. As in the current year, if there are movements in places the top up will transfer with the high needs child.
32. In respect of placement at independent special schools, these remain outside the place plus system in 2014/15. The budget requirement is based on current placements. This is likely to experience variation as there will be movements as the year progresses.

Projected Brought Forward School Budget Balance

33. Any under / overspends in the Schools Budget are carried forwards into the next financial year. The estimated underspend balance to be brought forward from 2013/14 is approx. £900,000 as reported to Decembers Schools Forum.

34. As mentioned above there is no contingency built into the budget for High Needs in 2014/15. It is proposed that £0.5m is set aside for contingencies, based on experiences in this first year, funded from the projected brought forward surplus. If following the review of the LA submissions of commissioned High Needs places the DfE announce additional DSG funding then then position will be reviewed and reported in through the Forum.
35. There were discussions at the last Forum regarding the Pupil Referral Unit and these centred around concerns that the facilities were not fit for purpose and officers were asked to look into the matter. As members are aware, following flooding at the Bishopton Centre the PRU was moved to the former Billingham Campus Site / CLC. Additional spending is needed of approximately £90k to bring the PRU facilities up to a suitable learning standard of which £30k has been found from central Local Authority resources. The Forum is asked to approve the remaining £60k from the brought forward balance.

Proposed Schools Budget 2014/15

36. The Schools' Budget is a ring-fenced account within the authority's books and this report sets out the proposed budget and funding formula for 2014/15. The Schools Budget has been prepared in accordance with the revised national funding arrangements effective from 2014/15.
37. Based on the information earlier in this paper the proposed 2014/15 Schools budget for each funding block is set out in the enclosed Appendix. It shows the DfE Block allocation against the spending plans for each area.
38. As noted above the early years and high needs block DSG allocations are not final budgets for 2014/15. All the budgets presented in the appendix assume that the provisional DSG is the final funding allocation as this is the most prudent position to take.
39. The updated allocation of the Dedicated Schools Grant from DfE and any further proposed budget revisions will be reported to the next and following Schools Forums. Final school budgets are expected to be issued to schools in late February.

Academies

40. The figures included in the enclosed Appendix do not take account of academy recoupment. The authority is responsible for determining budget shares using the local funding formula for academies as well as maintained schools. Any allocation due to Academies will be recouped from Stockton's DSG by the EFA, although the actual distribution to Academies by the EFA will be determined by the EFA. As Academies are funded on an academic year basis the agreed funding with each

Academy will not immediately match the recouped amounts in the financial year.

41. As an aside, the Education Services Grant (formerly the element of Local Authority Central Spend Equivalent Grant (LACSEG)) is to be reduced from £150 per pupil to £140 per pupil in 2014/15. There is transitional protection for existing academies which will be removed over time.
42. The Government have also announced a 20% reduction in the total Education Services Grant in 2015/16 but the details of the proposals for LA's / academies are not known.

Pupil Premium

43. The Pupil Premium is advanced to the authority for maintained schools as a specific grant and distributed to schools according to the national formula. The rates of Pupil Premium are as follows:-

	Originally Announced 2013/14	Announced 2014/15
	£	£
Free School Meals Ever 6		
- Secondary	900	935
'- Primary	900	1,300
Looked After Child	900	1,900
Service Child	300	300

44. For 2014/15, different rates of Pupil Premium will be paid to children from deprived backgrounds, defined as a child who has been entitled to FSM at any point in the past six years (i.e. "FSM 'Ever 6'"). The decision to pay a higher Pupil Premium for eligible primary school pupils was first announced in July 2013 by the Schools Minister: *"We will use the extra [Pupil Premium] funding in the year ahead to increase significantly the level of the pupil premium for primary schools to £1,300 per pupil, compared with £900 in the current year. This 44% rise in the pupil premium next year is the largest cash rise so far. That should enable more targeted interventions to support disadvantaged pupils to be secondary ready and achieve our ambitious expectations for what pupils should know and be able to do by the end of their primary education. Early intervention is crucial: the more disadvantaged pupils who leave primary school with strong literacy and numeracy, the greater their chances of achieving good GCSEs. We will fix the level of the secondary pupil premium in the autumn, but it will rise further, by at least the level of inflation next year".*

45. In 2014/15 the Government are introducing “Pupil Premium Plus” for looked after children and a broadening the eligibility criteria with the following characteristics:-
- a. the rate of pupil premium for Looked After Children would rise to £1,900 from £900 in 2013/14 and the additional funding would enable schools to offer pastoral care as well as raising pupil attainment. The role of the virtual school head is being enhanced to ensure that as a “corporate parent” of LAC that they work closely with schools to ensure the funding is used to maximum effect.
 - b. Looked After Children would be eligible for the Pupil Premium Plus from the first day they were in care, rather than after being in care for six months;
 - c. children adopted from care and those who leave care under a special guardianship order or residence order would also be eligible for the Pupil Premium Plus.
46. The Service Premium remains at £300 although the eligibility criteria has been broadened to include children attracting the service premium since April 2011 whose parents are no longer in the armed forces or where parents are divorced.
47. The total estimated amount receivable for pupil premium by schools and academies in the Borough in 2014/15 is estimated to be around £9.4m.

Universal Free Infant School Meals

48. The DfE announced capital investment in 2014-15 to support universal free school meals for children in reception, Year 1 and Year 2 in state-funded schools. As part of the Autumn Statement the Chancellor confirmed £150 million (£381k for SBC, £129k for VA schools and separate funding pot for academies) of capital funding for improving school kitchen and dining facilities in order to offer every infant pupil a free nutritious school meal at lunchtime. The aim is to improve academic attainment and healthy eating, and save families money.
49. At the time of writing there is no information available relating to the revenue funding for universal free infant school meals commencing September 2014.

Recommendations

50. Support the approach and overall allocation of DSG for 2014/15, particularly:-
- a. To note:-
 - i. The 2014/15 Dedicated Schools Grant settlement
 - ii. The Early Years Block DSG will not be finalised until confirmation is received from the DfE in 2015 (para 6)

- iii. The High Needs Block allocation will not be finalised until March 2014 following a review of LA submissions of commissioned places (para 7).

- b. Support the funding formula as set out in para 9 and proposals for growth fund (para 17)

- c. Agree the proposed central spend items and associated budget for 2014/15 on Schools and Early Years Blocks (para18 & Appendix).

- d. Support continuation of the hourly rate of £4.77 for the extended two year old provision (para 25)

- e. Note the position on high needs spend (paras 26 to 32)

- f. Agree the proposed plan for the use of the projected carry forward surplus balance:-
 - i. £0.5m for High Needs contingency (para 34)
 - ii. £60k for PRU facilities (para 35)

- g. Note the position re Pupil Premium (paras 43 to 47)

- h. Note the uncertainty regarding the revenue funding for the universal free infant school meals (para 49)

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