

Title of meeting: Schools Forum

Date of meeting: 26 February 2014

Subject: Budget 2014-15

Report from: Julian Wooster, Director of Children's and Adults Services

Report by: Richard Webb, Finance Manager for Children's Services

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

- 1.1. Under the 'School and Early Years Finance (England) Regulations 2013, the local authority must not later than 28th February 2014:
- a. Make an initial determination of their school budget; and
 - b. Give notice of that determination to the governing bodies of the schools they maintain.
- 1.2. The purpose of this report is therefore to inform Schools Forum of the initial determination of the schools budget for 2014-15 and to seek the necessary approvals required.

2. Recommendations

It is recommended that Schools Forum:

- a. Approves the determination of the schools budget at Appendix 1, together with the supporting explanations contained within this report.
- b. Approves the indicative Element 3 Top-up rates for the Special Schools as set out in Appendix 2 and agree that officers continue to finalise these with the Special Schools.
- c. Agrees the Element 3 Top-up rates for Resourced Units and Alternative Provisions settings set out at Appendix 2.
- d. Agrees to the allocation in 2014-15 of the 'exceptional circumstances' funding as set out in paragraphs 7.7 to 7.9.

- e. Agree that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15.
- f. Agree that any carry-forward balances from 2013-14 (other than in those referred to in 'e' above, and the 2 Year Old Trajectory in the separate agenda item) be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2014-15.
- g. Note the change in Growth Fund criteria to meet the requirements of the Education Funding Agency in section 10.

3. Background and Previous Decisions

- 3.1. The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations 2013.
- 3.2. Schools Forum have already received a number of reports and made a number of decisions in respect of the revenue funding arrangements for 2014-15.
- 3.3. The decisions previously made in respect of 2014-15 and reflected within the budget at Appendix 1 are summarised below.
 - 3.3.1. Approved the revenue funding formula for 2014-15 for all Primary and Secondary Schools, including the de-delegated budgets, growth fund and falling rolls fund.
 - 3.3.2. Agreed the number of funded places in high needs settings for the academic year 2014-15, including: Special Schools, Resourced Units, Alternative Provision and Post 16 institutions.
 - 3.3.3. Agreed to continue to centrally retain funding for the Admissions Service and Schools Forum.
 - 3.3.4. Agreed to continue to allocate the funding of Outreach Services to the individual special schools from the high needs budget.
 - 3.3.5. Approved the proposal to fund the Fair Access Protocol support service directly from the High Needs Budget from 2014-15.
- 3.4. The purpose of this report is to seek the necessary approvals in respect of the remaining areas of the budget, which have yet to be finalised.

4. 2014-15 Budget Overview

- 4.1. The proposed budget in respect of the DSG for 2014-15 is attached at Appendix 1, together with the budget for 2013-14 as a comparative. The appendix shows the 2014-15 budgets both including and excluding Academies. Whilst the Portsmouth's overall DSG allocation includes Academies, the Council will only receive and control part of the funding. The budget that is shown excluding Academies reflects the funding the Council is expected to receive and control and excludes the funding that Academies will receive directly from the Education Funding Agency.
- 4.2. Further details of the budget proposals are set out in the remaining sections of this report.
- 4.3. As schools continue to convert to academy status during 2014-15, the budget will be revised and reduced to reflect the fact that the responsibility for their funding will transfer to the Education Funding Agency.

5. Centrally Retained Budgets

- 5.1. There are two changes to the centrally retained budgets in 2014-15. The first is that from the 1 April 2014 schools will be excluded from the Carbon Reduction Credit Scheme. For 2014-15 the budget has therefore been removed; although the Council has also had reduction in the amount of Dedicated School Grant in respect of this.
- 5.2. As reported to Schools Forum in January, the Department for Education has negotiated a central arrangement for all publically funded schools for the following licences:
- Copyright Licencing Agency (CLA)
 - Schools printed Music Licence (SPML) owned by the Music Publishers Association (MPA)
 - Newspaper Licensing Authority (NLA)
 - Education Recording Agency(ERA)
 - Public Video Screening Licence (PVSL)
 - Motion Picture Licencing Company (MPLC)
- 5.3. Under the regulations, the funding for these licences will be centrally retained before delegation to schools and therefore the budget for 2014-15 has been increased.

6. Early Years Budgets

2 year old provision

- 6.1. For 2014-15, the DfE have allocated Portsmouth £2,989,800 of place funding to support the increased estimated number of 2 year old places and £359,580 of one-off trajectory funding.
- 6.2. The proposed arrangements for the continued expansion of the 2 year old provision are detailed within a separate report to Schools Forum on this agenda.

3 & 4 year old provision

- 6.3. No changes are proposed to the funding formula or rates applied to the three and four year old provision.
- 6.4. During 2013-14 there was increase in the number of 3 and 4 year old places in private, voluntary and independent nursery settings, which led to an in year budget pressure.
- 6.5. Appendix 1 reflects the current budget allocation for 3 and 4 year olds. It is estimated that there will be a need to increase the budget provision in 2014-15. The budget will be revised once the details of the January census count and the additional DSG funding allocation is known.

7. High Needs Budgets

Element 3 Top-up Rates

- 7.1. As previously reported, no changes are proposed to the current Top-up funding rates for pupils in Resourced Units or Alternative Provision settings. Although we have seen an increased funding requirement as a result of previous decisions, such as the new Craneswater Annexe provision.
- 7.2. The new Resourced Unit at St Edmunds is due to open in September 2014 and currently there is no proposal to fund more than the £10,000 place funding; however this may be reviewed again.
- 7.3. The Top-up rates for pupils in Special School Settings have been reviewed and amended in order to try and maintain overall affordability, following the banding moderation meeting in November 2013. The results of the moderation meeting had led to an increase in the number of pupils banded at the higher rates and overall increase in the funding required.
- 7.4. The DSG grant conditions allow the Element 3 Top-up rate per band to be reduced by only minus 1.5% in 2014-15 compared to 2013-14.

Therefore in order to try and maintain overall affordability, we have reduced all of the Special School Top-up rates by 1.5%. Even with this reduction, the budget requirement has increased by £160,000 compared to 2013-14 as a result of the increased numbers of pupils at higher bands.

7.5. At the time of writing this report, officers are still in discussion with Special Schools to finalise the pupil moderation data from the November 2013 meeting. This is expected to be completed shortly after half term. The results of this work could affect the initial funding requirement for 2014-15.

7.6. As the Element 3 Top-up funding requirement is dependent on the assessment of pupil needs, the actual funding requirement in 2014-15 is likely to change. In the new academic year, the funding requirement could increase if the new pupils are banded at a higher rate than the pupils who leave at the end of summer term, as was experienced in September 2013.

Exceptional Circumstances Funding

7.7. In December 2012, Schools Forum agreed to the introduction of a mechanism to target additional funding, in exceptional circumstances, to schools and academies with a higher proportion of 'low incidence high cost statements'. The criteria for this allocation (shown in the table below) are based on the percentage of pupils with these statements compared to the Number on Roll (NOR).

% of pupils with low incidence high cost statements compared to NOR	Primary Schools indicative additional funding per pupil with a low incidence high cost statement £	Secondary Schools indicative additional funding per pupil with a low incidence high cost statement £
Over 1.4%	700	800
Over 1.75%		1,200
Over 2%	1,700	1,550
Over 2.25%		1,800
Over 2.5%	1,950	2,050
Over 3%	2,200	
Over 3.5%	2,600	

7.8. It is proposed that the exceptional circumstances criteria are applied in 2014-15, based on the above criteria. A fund of £360,000 will continue to be set-aside for this purpose, however until we have the statement data the final fund requirement cannot be determined.

7.9. The funding will be allocated to schools in the summer term and will be based on the statement data available in January 2014 compared to the October 2013 NOR.

Medical Education and Individual Tuition

7.10. The Harbour School and the new Head Teacher are currently undertaking a review of the medical education and individual tuition service for pupils with medical needs. At the time of writing this report, the review is still underway and will require assessment by the SEN department.

7.11. The school believes that the service will require the additional funding of £220,000 allocated from the 2012-13 carry forward in 2013-14 on a permanent basis. Within the High Needs budget some funding has been set-aside for this purpose. Following the completion of the review, a further report will be presented to Schools Forum that may include a request for additional funding.

Other High Needs Budgets

7.12. The High Needs budget reflects the previous decision of Schools Forum to continue to fund Outreach Services to the Special Schools directly from this budget. It also reflects the decision made in January to fund directly the Fair Access Protocol Support Service.

8. Dedicated Schools Grant

8.1. On the 19th December 2013, the DfE announced the Dedicated Schools Grant Allocations for Portsmouth for 2014-15, which amounted to £132.243m. These allocations include the funding for both maintained schools and Academies; therefore the amount received directly by Portsmouth City Council will be less.

8.2. The funding allocation for Portsmouth is shown in the table below. The amount expected to be received directly by Portsmouth City Council is £116m. The funding received directly will continue change during the year as schools convert to academy status and receive their funding directly from the Education Funding Agency rather than through the Council.

	£m
Schools Block	105.703
Early Years Block *	8.151
High Needs Block *	15.172
2 Year Old Funding	3.349
Newly Qualified Teacher	0.035
Deduction of Carbon Reduction Credit payments	£(0.167)
TOTAL	£132.243

* These are provisional allocations and will be updated later in the year

8.3. As indicated above, the funding for the Early Years Block will be updated following the completion of the January census. The High Needs block will be updated once the DfE has completed its review the High Needs Returns, submitted by Local Authorities in December.

9. Carry-forward balances

9.1. The School and Early Years Finance (England) Regulations 2013 now permit any unspent amounts in respect of the de-delegated budgets in 2013-14 to be carried forward for use on the same purposes. Therefore it is intended that any under-spends on the de-delegated budgets at the end of 2013-14, will be carried forward to be used for the same purposes in 2014-15.

9.2. At this stage in the financial year we are unable to confirm what the final carry forward balance will be, although indications are that this could be in the region of £1.5m. Any carry-forward balance would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurring expenditure budgets.

9.3. In setting the budget for 2014-15, it is considered necessary to retain any carry forward balance (other than at para 9.1) to assist with the continued introduction of the funding reforms and be available to support the financial risks and pressures arising in 2014-15 from Academy conversions, the increase in Out-of-City placements, Top-Up Funding for High Needs Pupils, the new Post 16 responsibilities and the impact of the Children's & Families Bill.

10. Growth Fund

10.1. Following the submission of the funding proforma for Primary and Secondary School Budgets, the Education Funding Agency (EFA) have requested that the Growth Fund criteria be amended to provide further clarity that the fund is to be used for 'basic need' growth and not for a general increase in pupil numbers. The EFA have agreed the following change in criteria:

*"Growth Funding will be allocated to schools where there is a **significant and sustained** growth in pupil numbers, where the local authority has requested an increase in pupils that take the school over and above its Published Admission Number (PAN) or the school has increased its PAN."*

10.2. Schools Forum are asked to note the change in criteria to meet the EFA requirements.

11. Reasons for recommendations

Schools Forum are recommended to endorse the proposals contained within the report. Under the 'School and Early Years Finance (England) Regulations 2013, Local Authorities must not later than 28th February 2014 make an initial determination of their school budget.

12. Equality impact assessment (EIA)

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

13. Head of Legal Services' comments

Legal comments have been included within the body of this report

14. Head of Finance's comments

Financial comments have been included within the body of this report.

.....
 Signed by:

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
School and Early Years Finance (England) Regulations 2013	www.legislation.gov.uk
DfE - Dedicated Schools Grant allocations 2014-15 and supporting information	www.education.gov.uk
Dedicated Schools Grant budget estimates and monitoring records	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
 Signed by:



Appendix 1 - Budget Summary

	2014-15 Budget (including Academies)	2014-15 Budget (excluding Academies)	2013-14 Budget (including Academies)
	£000	£000	£000
Individual School Budgets (ISB)			
Primary	58,837	52,728	57,461
Secondary	43,666	36,352	44,357
Special School Place Funding	4,960	2,670	4,960
Resourced Unit Place Funding	870	580	760
Alternative Provision Place Funding	1,304	1,304	1,304
	109,637	93,634	108,842
De-delegated and central budgets			
Growth Fund	300	300	200
Falling Rolls Fund	500	500	0
De-delegated budgets	1,485	1,485	1,885
Licences	64	64	38
Schools Forum	15	15	15
Admissions	252	252	252
Carbon Credit	0	0	142
	2,616	2,616	2,532
Early Years			
3 & 4 Year Old Provision	7,445	7,445	7,445
2 Year Old Provision	3,271	3,271	2,405
Central Expenditure on under 5	398	398	398
	11,114	11,114	10,248
High Needs			
Element 3 Top-up funding	6,439	6,439	5,928
Out of City Placements	1,200	1,200	1,200
SEN Support Services	687	687	687
Medical Education	353	353	573
Outreach Services	232	232	0
Fair Access Protocol	60	60	0
	8,971	8,971	8,388
Total Expenditure	132,338	116,335	130,010
DSG Income	(132,243)	(116,240)	(129,790)
One-off use of Carry Forward *	(95)	(95)	(220)
Total Income	(132,338)	(116,335)	(130,010)

* £95k agreed by Schools Forum in January 2014



Special Schools

	Cliffdale		Harbour		Mary Rose		Redwood		Willows	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15
	£	£	£	£	£	£	£	£	£	£
Band A	19,121	18,834	18,285	18,011	19,757	19,461	21,607	21,283	20,489	20,182
Band B	10,646	10,486	10,009	9,859	11,417	11,246	12,079	11,898	12,652	12,462
Band C	8,979	8,844	8,381	8,255	9,776	9,629	10,204	10,051	11,110	10,943
Band D	7,605	7,491	7,039	6,933	8,425	8,299	8,659	8,529	9,840	9,692
Band E	5,890	5,802	5,364	5,284	6,737	6,636	6,731	6,630	8,254	8,130
Band F	3,528	3,475	3,058	3,012	4,412	4,346	4,075	4,014	6,069	5,978
Band G	2,704	2,663	2,253	2,219	3,547	3,547	3,148	3,101	5,307	5,227
Band H	1,209	1,191	793	781	2,098	2,098	1,468	1,446	3,925	3,866

Note: the top-up rate for places in Stamshaw is £28,190

Resourced Units & Alternative Provision

	2013-14 & 2014-15 £
Devonshire Infant	0
Flying Bull	6,638
Harbour	5,273
Milton Park	8,476
Northern Parade Junior	0
Penhale Infant	101
Portsdown	0
Southsea Infant	2,731
Victory	1,934
Craneswater Annex ¹	25,448
St Edmunds ²	0

¹ The Craneswater Annex, operated by Mary Rose Academy, was approved by Schools Forum in September 2013

² The Resourced Unit at St Edmunds is due to start in September 2014