

SCHOOLS BUDGET 2014/15

Purpose of the Report

1. In line with the announcements made in March 2012 on the reform of the school funding system from April 2013, the Dedicated Schools Grant (DSG) has been distributed to all local authorities for 2014/15 in three notional blocks: Schools, High Needs and Early Years. The baseline for each block has been based on the budgeted expenditure reported on the 2012/13 Section 251 budget statement and adjusted for pupil numbers as appropriate. This report provides the Schools Forum with the details of the total funding received for each of the notional blocks and the planned expenditure for 2014/15.

Information and Advice

2. The total DSG received for 2014/15 is £526.600m (prior to academy recoupment), compared to £520.850m for 2013/14. This has been split into the notional spending blocks as outlined in the table below.

Notional spending block	2014/15 baseline £m	Additions* £m	Reductions** £m	Total £m
Early Years	25.345	9.554		34.899
High Needs	56.163	0		56.163
Schools	436.207	0.152	-0.821	435.538

*The additions relate to early education places for 2 year olds (£9.554m), and funding for the induction of NQTs (£0.152m).

** The reduction of £0.821m relates to the Carbon Reduction Scheme, which no longer relates to schools & academies. As the expenditure will no longer be incurred the EFA have withdrawn the funding attributable to this.

3. There has been no increase in the per pupil unit funding from the EFA for any of the notional spending blocks, therefore overall level of funding received in 2014/15 has only increased for volumes.
4. It is not proposed to transfer any funding between the notional spending blocks in 2014/15; eligible expenditure will therefore need to be met from within the funds available in each block.

Early Years Block

5. The additional funding received for the early education places for 2 year olds will be distributed based on the national rate of £5.09 per hour. The additional £9.554m is excluded from the details on Early Years funding and expenditure reported below.
6. Funding for Early Years has been based on the total spend reported in the Early Years column of the 2012/13 section 251 of £25.680m. This has been divided by the total early years census numbers as at January 2012 to give a 2014/15 Early Years block unit of funding of £3,674.28 per pupil. The indicative funding received for 2014/15 has currently been based on the January 2013 census data, although this will be adjusted to take account of January 2014 census data (April 2014 to August 2014 funding) and January 2015 census (September 2014 to March 2015 funding).
7. The funding received in the Early Years block covers both the provision of the free entitlement for 3 and 4 year olds and eligible central expenditure on children under 5. As there has been no increase in level of funding received in 2014/15, it is proposed that same levels of budgeted central expenditure are maintained for 2014/15. **Appendix 1** shows the 2014/15 funding compared to the previous year
8. The Early Years Single Funding Formula (EYSFF) is compliant with DfE requirements and therefore no changes are required to this. As there has been no increase in funding received, the rate used in the EYSFF to fund the free entitlement for 3 and 4 year olds will remain the same for 2014/15. Therefore the specific free early education minimum funding guarantee of 1.5% introduced last financial remains available in the formula, but is not relevant to 2014/15.
9. Budgets will be issued to all providers, both Private Voluntary and Independent (PVI) and maintained schools, based on actual numbers for the previous year. For maintained schools, the early years budget will be adjusted at the end of the financial year to take account of actual numbers taking up the entitlement as at each termly headcount. For PVI providers, this will mean that their termly payments will continue to be based on their estimated numbers for the year adjusted for the actual numbers recorded on the termly census.

High Needs Block

10. The High Needs block will be used to provide funds for three components: SEN support services, additional support needs of learners, and specialist placements. The Local Authority will have responsibility for the distribution of the High Needs Block across these three components and across a range of settings. These settings include private nurseries, maintained schools, academies, free schools, local colleges and specialist colleges. The arrangements cover children and young people aged 2 to 25 years old.
11. The High Needs block of £56.163m has been based on the reported 2012/13 spend on the section 251 budget statement, adjusted for changes in the planned numbers of specialist places; this includes funding for post 16 high needs students.
12. It is proposed that levels of expenditure for each of the three components are maintained for 2014/15 as these are closely aligned to the government's reform proposals. Consultations

have taken place with both maintained and academy mainstream and special schools on the distribution of high needs funding streams. The recommendations arising from the consultations and further actions identified in relation to the High Needs block are reported in a separate paper to the Schools Forum (agenda item 4d).

Schools Block

13. Funding for the Schools block has been based on the total spend on schools reported on the 2012/13 section 251 of £433.056m. This has been divided by the school census numbers as at January 2012 to give a 2013/14 Schools block per pupil unit of funding of £4,351.45 per pupil. This has then been multiplied by October 2013 census data to give a total Schools block for 2014/15 of £436.207m.
14. The distribution of the Schools block of funding to all mainstream primary and secondary maintained schools and academies from April 2014 will be based on the agreed local funding formula. Alongside this, the local authority is permitted to retain funding within the Schools block to fund existing historical commitments. **Appendix 2** shows a breakdown of the distribution of the Schools block of funding for 2014/15 & how this compares to the previous year. An additional £0.152m is included the Schools block of funding to delegate to schools for the induction of NQTs based on pupil numbers.
15. The formula for distributing the available Schools block was agreed by the Schools Forum at a meeting held on 29 October 2013. This was subsequently approved by the County Council's Policy Committee on 13 November. A draft pro-forma detailing the agreed local funding formula was submitted to the Education Funding Agency (EFA) on 31 October 2013.
16. Following the announcement of the DSG settlement for 2014/15, a final pro-forma was submitted to the EFA on 21 January 2014. This pro-forma was based on the factors and weighting of funding to be applied to each of these that were agreed by the Forum on 29 October 2013, updated for the October 2013 census and relevant pupil specific datasets issued by the EFA. At the time of writing the report, we are still awaiting formal approval of the final pro-forma submission from the EFA. There were no significant issues arising from the earlier pro-forma submission, which was found to be compliant with the EFA requirements and the School Finance Regulations, and it therefore not anticipated that there will be any significant issues arising from this submission. A copy of the final submitted pro-forma (subject to formal approval from the EFA) is attached as **Appendix 3**.
17. Once formal approval has been received from the EFA, the unit values for each formula factor and relevant pupil datasets will be used to calculate the 2014/15 individual school budget shares. In the case of maintained schools, budgets will be available through the 'Schools Budgets and Guidance' portal via Wired quick links on 20 February 2014. Academy budgets will be calculated by the EFA, and will notify them directly of their allocations by 31 March 2014.
18. A gains cap of 2.5% per pupil has been applied in the final pro-forma submitted to the EFA. This replaces the 5% in place for the previous year taking the cumulative gains cap on 2012/13 budgets to 7.5% as agreed October 2012. Next year we will apply 2.5% (subject to further consultation in light of announcements on the National Formula) to take this to the 10% (against 2012/13) agreed.

19. All funding arrangements beyond 2014/15 are subject to change in light of announcements from the EFA on a national formula. Although a consultation was promised for December 2013, this is yet to be launched & details released. Once this announcement comes, arrangements for Schools Forum engagement in the consultation will follow.

RECOMMENDATION/S

That the Schools Forum:

- 1) Notes the content of the report.

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