



**Haringey** Council

**The Children and Young People's Service**

**Report to Haringey Schools Forum – 2<sup>nd</sup> December 2013**

**Agenda Item**

**7**

**Report Status**

For information/note   
For consultation & views   
For decision

**Report Title: 2014-15 Schools Budget Strategy.**

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**Purpose:**

To consider the issues affecting the determination of the Dedicated Schools Grant (DSG) in 2014-15 and its allocation within the context of the Dedicated Schools Budget (DSB).

To introduce the budgets that the Council will seek permission to retain in 2014-15 and those it will seek permission to de-delegate. A decision on these will be sought at the 16 January meeting.

**Recommendations:**

1. That members note the projected DSG.
2. That members note the current position with regards to centrally retained budgets and de-delegated budgets set out in Sections 4 and 5.
3. That the Forum sets up a working party to review the budgets set out in Sections 4 and 5.

## **1. Dedicated Schools Budget (DSB).**

- 1.1. The DSB encompasses the Dedicated Schools Grant, post 16 funding provided by the Education Funding Agency (EFA) and the Pupil Premium.
- 1.2. EFA funding in the DSB is now limited to funding sixth form provision at maintained secondary schools in the west of Haringey (2013-14 allocation £4.45m). The funding is calculated by the EFA and passed through Haringey Council to the schools.
- 1.3. The Pupil Premium will increase in 2014-15 to £1,300 per eligible pupil (confirmed for primary schools but not yet for secondary schools) and £1,900 for Looked After Children. The estimated sum for maintained school pupils and Looked After Children for 2014-15 is £14.7m.
- 1.4. The Dedicated Schools Grant is the most significant element of the DSB and is considered below.

## **2. Dedicated Schools Grant**

- 2.1. The Dedicated Schools Grant is a ring-fenced government grant that can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance Regulations. The Schools Budget consists of delegated budgets allocated to individual schools, Pupil Referral Units (PRUs) and Early Years Provision in Private, Voluntary and Independent (PVI) providers. It also covers provision for pupils which local authorities fund centrally, which now includes the bulk of high needs provision, including post-school provision up to age 25.
- 2.2. The DSG covers all pupils in Haringey maintained schools and recoupment academies, funding for the latter being 'recouped' from the Council's allocation.
- 2.3. There were significant changes to the DSG in 2013-14, most notably:
  - The splitting of the grant into three notional blocks, the Schools Block (SB), Early Years Block (EYB) and High Needs Block (HNB).
  - The simplification of the schools funding formula in preparation for a national formula planned for April 2015.
  - Changes in the way special schools, special units and alternative providers are funded, replacing comprehensive planned place

funding with a 'Place Plus' approach. This provides a fixed amount of delegated funding per place plus a 'top-up' paid by a commissioner when placing pupils.

- Delegation of some central services to schools with the possibility of de-delegation from maintained schools only. This replaces the former Schools Budget element of the Local Authority Central Spend Equivalent Grant (LACSEG).
- Increased power for the Schools Forum over what budgets a Local Authority (LA) can retain from the School and Early Years Blocks (the LA has a right of appeal to the Secretary of State).

2.4. The indicative DSG settlement will be announced on 18 December. An estimate of the settlement is set out in Table 1 and a break-down of the proposed Schools Block in Appendix 1.

**Table 1 Estimated 2014-15 DSG settlement and Comparison with 2013-14.**

<b>Element</b>	<b>Estimated Number</b>	<b>Rate</b>	<b>2014-15</b>	<b>2013-14</b>	<b>Change</b>
		£	£m	£m	£m
Schools Block	30,697	5,878.44	180.450	179.863	0.587
Early Years 3 & 4 YO	2,489	£5,345.46	13.304	13.505	(0.201)
Early Years 2 YO	1,700	£5.28 per hour	5.119	3.699	1.420
High Needs	Cash		29.943	29.943	0
Estimated DSG			228.816	227.010	1.806
Estimated Academy Recoupment			35.294	34.936	0.358
DSG After Recoupment			193.522	192.074	1.448

### **3. Schools Block**

3.1. Schools Forum on 24 October endorsed the Council's proposal for the 2014-15 Schools Funding Formula. This proposes a re-balancing of budgets between the Basic Entitlement (the per-pupil allocation received regardless of the individual characteristics of the pupil) and funding for deprivation and Additional Educational Needs (AEN). The final approval of the formula will be made by Cabinet on 17 December 2013.

- 3.2. The SB is calculated using pupil numbers recorded in the Schools Census on 3 October 2013 following a data cleansing exercise by the Department for Education (DfE); the numbers to be used will be published on 10 December 2013. This number is multiplied by the Guaranteed Unit of Funding of £5,878.44, the same as in 2013-14.
- 3.3. The SB element of the DSG will provide the delegated school budgets for maintained schools and academies.
- 3.4. A Growth Contingency for in-year growth in numbers covering both maintained schools and academies can be top-sliced from the SB before applying the funding formula. The Forum agreed to a top-slice of £1.5m for this in 2013-14 and there is a specific report on this agenda reporting on its use and the proposed retention of the same amount for 2014-15.
- 3.5. The SB also covers centrally retained services approved by the Schools Forum. In 2013-14 central services of £3.7m (2% of DSG), was agreed (Regulations require that these budgets are cash limited at their 2012-13 level). Section 4 below looks at the services the LA currently retains centrally. We propose to meet with a working group of the Schools Forum to review these budgets in depth and report back to the Forum on 16 January in greater detail and with proposals for 2014-15.
- 3.6. The funding changes in April 2013 significantly extended the services for which budgets must be delegated to schools but which may be 'de-delegated' by maintained schools on a phase basis. In 2013-14 the Contingency for Schools in Financial Difficulty (pre-delegation value of £0.25m) was de-delegated and two further budgets, union duties and Support to Underperforming Ethnic Minority Groups, were de-delegated by maintained primary schools for 2013-14 only. We will be seeking to again de-delegate these budgets and this will form part of the discussion with the working group mentioned in paragraph 3.5. These budgets are set out in more detail in Section 5.
- 3.7. We are proposing that where de-delegation is approved by maintained schools, academies are also invited to buy into these services, at that time and on the same basis as the de-delegation i.e. all schools would be charged identically. Academies that decide to use the service at a later date would be charged a different rate reflecting both the actual costs of the service requested but also recognising that at times other than the point of de-delegation additional costs will have to be incurred to meet the additional demand.

#### **4. Schools Block Centrally Retained Budgets.**

- 4.1. Music and Performing Arts (£168k). Reductions in the Music Education Grant (MEG) led the Forum to agree 'That the service should be wholly or partly funded from headroom as appropriate.' In 2012-13 the contribution from DSG was £168k and all future contributions must be capped at this level. The Head of Music and Performing Arts presented a report to the Forum on 26<sup>th</sup> January 2012 setting out the service provided and how the DSG funding was used: £138k in supporting pupils eligible for free school meals and £30k for a primary music specialist.
- 4.2. Admissions (£421.4k). This is a statutory duty of the local authority on behalf of schools and the retained budget represents 75% of the Admissions and School Organisation Team.
- 4.3. Schools Forum (£10k). Maintaining a schools forum is a statutory duty and a small budget of £10k exists to cover the cost of officer input into preparing forum reports and attending meetings of the forum and its sub-groups, the cost of clerking, room hire, refreshments, stationary etc. The budget also covers any claims by members for childcare and has, in the past, been used to commission external support to the Forum.
- 4.4. Carbon Commitment (£220k). LAs can also centrally retain funding in respect of the Carbon Reduction Commitment (CRC) - (£220,253). CRC is currently a statutory requirement and is in effect a tax on carbon use payable by the LA on behalf of schools and Academies. As such, it cannot be delegated and therefore needs to be retained as a central budget. There is a possibility that state funded schools will be removed from the scheme in the future and, should this be the case, the Schools Block CRC budget would be delegated to schools and Academies through the formula. Under the new funding arrangements, this budget is not capped at the 2012-13 level.
- 4.5. Licences (£62k). The DfE had announced that there would be one license with the Copyright Licensing Agency (CLA) and the Music Publishers Association (MPA) to purchase a single national licence for all state-funded schools in England. This means that local authorities and schools would no longer need to negotiate individual licences. The charge for Haringey in 2013/14 was £62k and the DfE have confirmed that a deduction to cover this was an allowed exception to delegation from the Schools Block.
- 4.6. Integrated Working and Family Support (£350k). This service delivers family support work to children and families and supports effective assessment and planning work for a range of children with additional needs.

- 4.7. CPD Governor Support and Training (£135k). The budget represents expenditure on governor support and training which has historically not been recovered through charging.
- 4.8. School Standards (£390.8k). This budget has supported the evolving agenda for education services, including pump priming the development of school to school support. This work has been progressed following the appointment of the Assistant Director, School Improvement. Continuation of the budget (£390,800) for 2014-15 will support embedding school to school support across all schools and academies.
- 4.9. Supplementary Schools (£26.7k). This was omitted in error from the 2013-14 Strategy Report but was a long standing part of the Miscellaneous allocation of the DSB. Information on this service is set out in Appendix 2 and the Forum will be asked to support this in 2013-14 and 2014-15.
- 4.10. Residential Places (£1,000k). As agreed by Forum on 17 January 2013 and in January 2012, support of £1m in each year was provided in 2012-13 and 2013-14 from the DSB for the educational costs of residential placements for Looked After Children (LAC). The number of placements is now reducing. An update will be provided to the January meeting on the level of support sought for 2014-15.
- 4.11. Contribution to Capital (£489k). Capital spending has, in the past, been supplemented by contributions from the Dedicated Schools Grant (DSG); this is known as 'Capital Expenditure from the Revenue Account' (CERA). Previously this has related to a financing contribution agreed in support of the Secondary Schools BSF scheme. However, there are now a number of temporary primary school expansion projects required each year which, to be feasible, require support from revenue but which are managed as part of the overall Capital Programme.
- 4.12. Contribution to Corporate Overheads (£280.1k). All council services attract overheads that cover not only the cost of central services such as payroll, IT, HR and finance but also property costs such as rent, rates, porters and utilities.

## **5. Schools Block De-Delegated Budgets.**

- 5.1. Union Duties. This will be discussed with the working party and brought back to the Forum on 16 January 2014.
- 5.2. Support to under-performing ethnic minority groups. Support to underperforming ethnic minority groups and bilingual learners. Historically, the LA also received EMAG which was used to provide centrally managed support to schools in respect of raising the attainment of pupils from ethnic minority groups. Following the

demise of EMAG, the Forum at its meeting on 17 January 2011 agreed to continue to support this work, approving funding through the DSG. We are seeking to continue with the de-delegation of this budget.

- 5.3. Contingency for schools in financial difficulty. Support for Schools in Financial Difficulty. Schools Forum has historically supported the retention of a contingency to support schools in financial difficulty. Although it is incumbent on all schools to manage their resources efficiently and effectively, there are particular circumstances in which schools find themselves in need of support from their colleagues. Two examples are new management teams with inherited deficits and exceptional circumstances. The local authority proposes to de-delegate this budget to continue to support those schools deemed by the panel to meet the agreed criteria for supporting schools in financial difficulty. This would only apply to maintained schools where the phase had agreed to de-delegation.

## **6. High Needs Block**

- 6.1. The HNB is allocated as a cash sum and covers all funding for pupils with Special Educational Needs (SEN) other than that included in delegated mainstream school budgets. It includes funding for special schools, special units and alternative providers using the place-plus approach; funding for pupils placed in other local authority or private provision and centrally provided services. It also incorporates funding for the extended duty of providing for students in FE establishments with Special Educational Needs (SEN) up to the age of 25. A significant concern is the uncertainty around the costs of the new responsibilities for students up to the age of 25 with SEN which began in September 2013.
- 6.2. A working party of the Schools Forum have been reviewing the budgets in this area and will present a detailed report to the Forum on 16 January 2014.

## **7. Early Years Block.**

- 7.1. There is a separate report on this agenda covering the EYB.

## **8. Timetable.**

- 8.1. The expected or required dates leading up to the issue of school budget shares is set out in Table 2.

**Table 2 Timetable Leading to Issue of Maintained Mainstream School Budget Shares.**

05 December 2013	Autumn statement
10 December 2013	October 2013 pupil data sets published
17 December 2013	Haringey's Funding Formula considered by Cabinet
18 December 2013	Schools Block DSG published
16 January 2014	Schools Forum
21 January 2014	Final formula notification to DfE
26 February 2014	Schools Forum
28 February 2014	Deadline for notifying maintained mainstream governing bodies of budget shares.

## **9. Recommendations.**

- 9.1. That members note the projected DSG.
- 9.2. That members note the current position with regard to centrally retained budgets and de-delegated budgets set out in Sections 4 and 5.
- 9.3. That the Forum sets up a working party to review the budgets set out in Sections 4 and 5.