

2015-16 School Budgets

Guidance Note for Primary Schools

Background

A new Funding Framework for schools is being introduced by the Department for Education (DfE) over the short to medium term with changes being made to ensure government policy is properly reflected in school funding. The intention is to:

- reform the school funding system so it is fairer, simpler, more consistent and transparent.
- ensure that good, popular schools find it easy to expand in response to demand.
- make funding intended for education reach the schools and pupils that need it most.

As a first step, from April 2013, in consultation with their schools, all LAs reviewed and streamlined the operation of their Funding Formula for Schools to ensure that the way funds were to be distributed complied with the new framework. Based on the most popular responses from schools to the local consultation, the Bracknell Forest Schools Forum agreed a set of changes that were implemented for the start of the 2013-14 financial year.

The Education Funding Framework

The national funding framework for Education continues on the basis of central government allocating funding to each LA through a specific grant – the Dedicated Schools Grant (DSG). Being a specific grant means that the government sets the minimum amount of money that each LA spends on education and also specifies; the services the grant can be used to finance; the factors that can be used to distribute funds to schools; and what can be centrally managed by the Council on behalf of schools.

The DSG is now split into three notional blocks – high needs, early years and schools, with different funding rates in each block – rather than the previous arrangements which funded LAs at a uniform rate for each pupil, irrespective of their needs and characteristics. There is not a ring-fence in force against each of these blocks, meaning local areas can spend more or less on each block than funding allocated, but as set out above, there is a ring-fence on the totality of DSG income which can only be spent on the activities defined by the government.

The High Needs Block covers funding for education provision for high needs pupils and students from birth to 25. This is in line with the requirements of the Children and Families Act. High Needs Pupils are defined by the DfE as those requiring more than £10,000 of support each year. For mainstream schools, the DfE have stated that each pupil on average receives £4,000 through the basic operation of the local Funding Formula for Schools, and that LAs need to ensure that in addition, sufficient funds are allocated to schools to meet the first £6,000 of support needs that a pupil may require. The government only allows funding top ups to be paid in respect of individual pupils once their assessed support needs cross the £6,000 threshold.

The Early Years Block covers 2, 3 and 4 year olds receiving the entitlement to 15 hours a week free education and childcare that is paid to providers – maintained schools and private, voluntary and independent sector providers – through the Early Years Single Funding Formula (EYSFF). It also covers the early years contingency, central expenditure on under 5s and high needs pupil funding where this is not included in the High Needs Block.

The Schools Block covers funding delegated to primary and secondary schools and a reduced range of central services that can be managed by the Council. Where agreed by relevant

members of the Schools Forum, the DfE allows a range of budgets to be “de-delegated” from schools and returned to Councils for central management. This has again been agreed for 2015-16 and relevant amounts are therefore EXCLUDED from individual school budgets.

Details of amounts and services to be centrally managed by the council or subject to de-delegation are attached at Annexes 2 and 3 respectively.

The remainder of this note explains the accompanying budget spreadsheet.

2015-16 budget changes

The Schools Budget is facing significant financial pressures relating to high needs pupils – those with assessed support needs above £10,000 - and in particular fees paid to specialist providers in the private, voluntary and independent sector for post-16 students. Taking account of the need to fund these unavoidable statutory costs, the Schools Forum has agreed a budget that funds schools for changes in pupil numbers and their characteristics, such as eligibility to a FSM to the value of £0.929m, with the balance of available funds, at £1.993m being allocated to cover the increased costs being incurred supporting high needs pupils. The budget changes are summarised in the table below.

Changes reflected in 2015/16 budgets

Ref.	Items delegated to schools	Amount £'000
1	Original budget for 2014-15	60,022
	<u>Changes for 2015-16:</u>	
2	Effect of additional number of primary pupils (+337)	859
3	Effect of reduced number of secondary pupils (-41)	-148
4	Rates – inflation	29
5	Effect of changes in pupil characteristics e.g. additional FSM numbers	104
6	Transfer copyright licensing funds to central contract budget	-15
7	BF supplement (Living Wage equivalent)	100
8	Total budget for 2015-16	60,951
9	Change	929

More information on how budgets have been calculated is set out in Annex 1. You can also read the relevant budget paper approved by the Schools Forum at:

<http://democratic.bracknell-forest.gov.uk/ieListDocuments.aspx?CId=187&MId=5424&Ver=4>

The remainder of this note explains the accompanying budget spreadsheet.

2015-16 budget statement

This part of the guidance note explains how the 2015-16 Funding statement has been calculated. Schools will now be familiar with the simplified Funding Formula in operation in Bracknell Forest, and as set out above, there is no change to its structure. There is one significant change in the distribution of funds through the factors of the Funding Formula. This relates to the fixed cost for Primary schools only, which has been increased by £10,000 to £160,000 and funded by a £33 deduction in the Primary Headcount (AWPU) element, as agreed through the 2014 consultation.

The new framework also requires LAs to only use data supplied by the DfE when calculating budget allocations to schools. The DfE has now provided the final data set that must be used for the Schools Block budget and this information has been used to calculate the main school budget.

Funding based on pupil characteristics, such as eligibility to a free school meal and test scores from national examinations are not provided on an individual pupil basis by the DfE but in the form of a percentage of the whole number on roll meeting the criteria. Using this approach is designed to help take account of the impact changes in total pupil numbers is likely to have on funds distributed through the pupil related factors i.e. a higher number on roll is likely to include higher numbers of pupils meeting deprivation and low prior attainment funding criteria.

Annex 4 sets out a summary of the data source used on the budget statement .

The paragraph references that follow correspond to the references used on the accompanying budget statement.

A. Core funding from the Schools Block

Mandatory funding factors:

1. Per Pupil Funding

The DfE prescribes how per pupil funding allocations must be calculated. All statutory aged pupils must be funded at the same rate, rather than the previous position where funding varied by aged – the Age Weighted Pupil Unit. The census point that must be used to fund schools is the October prior to the relevant financial year.

2. Deprivation Funding

The DfE prescribes the methods that can be used to fund schools for deprivation. There are 3 options: current Free School Meals (FSM) entitlement, 'Ever 6' Free School Meals entitlement i.e. those pupils who have been eligible to a FSM at any point during the last 6 years, or the Income Deprivation Affecting Children Index (IDACI). The majority response from schools to the local consultation was to use a combination of both (A) current FSM entitlement and (B) IDACI.

(A) FSM entitlement

Each pupil entitled to a FSM, which is determined from families claiming income support or other qualifying benefits, attracts funding. The same unit of resource must be paid for all pupils. This element of the factor distributes approximately 40% of deprivation related funding.

(B) IDACI

IDACI is a measure of probability that a household with children under 17 living in a certain location – by post code – has low income as defined by being in receipt of income support or other prescribed low income measures. The more deprived areas record higher scores, with 1 being the highest possible score, with less deprived areas scoring lower. So for example, a post code with a score of 0.25 indicates a 25% chance that residents are in receipt of relevant benefits. As IDACI measures the severity of deprivation, and unlike FSM is not binary in nature, the DfE allows IDACI bandings to be used in funding schools, with per pupil funding allowed to increase through the bandings as the likelihood of deprivation increases. The BF Funding Formula increases funding in each banding by 50% of the Band 1 value, (the lowest amount). The ranges used in IDACI bands cannot be set by LAs. They are prescribed by the DfE. The minimum score that can attract funding has also been set by the DfE, at 0.2. This element of the factor distributes approximately 60% of deprivation related funding.

All LAs must include a per pupil and deprivation related factor in their Funding Formulas. All the other factors that follow are discretionary.

Discretionary funding factors:

3. Low prior attainment (as a proxy for special educational needs).

The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for low prior attainment. Changes were made to the Early Years Foundation Stage Profile in 2013 that mean that different aged pupils have a different methodology of funding. Those taking the old profile – Years 3 to 6 - will continue to be funded in BF where scores are below 78. For those taking the new Profile from September 2012 – Year 1 and 2 pupils - have funding allocated to pupils who did not achieve the expected level of development in all 12 prime areas of learning as well as mathematics and literacy. The DfE allow the funding threshold to be set at below either 78 or 73 for pupils in Years 3 to 6, with the outcome from the local consultation supporting using scores below 78.

4. Looked after children (LAC)

The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for LAC. The allocation must be based on DfE data which is collected each year through the SSDA903 census return. The DfE then requires schools to be funded for children who have been LAC for any period of time. Any LAC factor must recognise all LAC and not just those who are the responsibility of the home authority.

5. English as an Additional Language (EAL)

The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for EAL. The DfE will only allow funding to be allocated to pupils for the first, second or third years after relevant pupils enter the school system. This reflects the expectation that after 3 years, pupils should not need additional support due to their language skills. The Bracknell Forest Formula will fund EAL pupils for the first three years that a pupil enters the education system.

6. Pupil Mobility

The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for pupil mobility outside normal admissions periods. The data used must be the relevant October census to identify the start date in each of the last three academic years of

each pupil who did not commence in August or September (or January for Year 1). Funding is then targeted only to those schools with at least 10% pupil turnover, with funding allocated only to those pupils over the 10% threshold.

7. Fixed Lump Sum allocation

The DfE cap uniform fixed sum payments that can be made to schools outside London to no more than £170k. The revised increased rate agreed for primary schools is £160k.

8. Rates

The DfE prescribes the method that all Funding Formulas must use to allocate resources to schools for rates. Funding must be allocated based on the estimated cost of rates. Schools are then charged at the amount included in their budget, so there is never an over or under spending at individual school level. This is the “in-out” basis.

9. Sub total for calculating the Minimum Funding Guarantee (MFG)

This amount sums together budget lines 1 – 8 to display the total funding that needs to be taken into account as the starting point for the calculation of the MFG.

10. Minimum Funding Guarantee (MFG)

The MFG requires a funding top-up to be paid to schools where the ordinary operation of the Funding Formula results in a reduction in per pupil funding in excess of the maximum prescribed by the DfE. It compares the final budget from one year to the next, and adjusts for changes in the number of pupils. For the last 3 years, the MFG has been set at a maximum per pupil reduction of 1.5%. For 2015-16 the DfE has confirmed that transitional funding protection will continue and has again been set at a maximum per pupil reduction of 1.5%.

The calculation of the MFG is not straightforward and adjustments need to be made to ensure that the guarantee is calculated on a like for like basis between years. So if there are changes in responsibility or funding arrangements, the impact needs to be removed from the budget for both years to remove any potential distortions. For 2015-16, such an adjustment needs to be made to take account of the increased fixed cost for Primary schools.

Due to the significant re-distribution of funds between schools from the requirements of the new funding framework, there was initially an increase to the cost of meeting the MFG protection, which in a period of flat funding settlements, creates financial difficulties for LAs in setting their Schools Budget. Therefore, the DfE allows a cap to be applied to those schools receiving funding increases to limit gains to an amount that would fund the cost of MFG payable to those facing reductions.

The Schools Forum has agreed that those schools receiving an increase in their per pupil share are required to finance the cost of MFG at those schools losing money, on a graduated basis, so those schools with the highest percentage increases contribute more than those with more moderate changes. For 2015-16 the scaling needs to be set at 58%, with the remaining 42% being required to cover the cost of funding the MFG where schools are losing money.

Therefore, on the budget statement, schools will have a top up addition when below the MFG, shown in line 10. (A), a deduction where per pupil funding is above the MFG, shown in line 10. (B) or zeros in both cells if there is a per pupil funding decrease of less than 1.5%.

To properly illustrate the calculation of the MFG, a specific tab has been included on the accompanying budget spreadsheet.

B Funding 'top up' for Bracknell Forest High Needs Pupils:

11. Funding for High Needs Pupils above the £6,000 threshold

The DfE requires schools to be sufficiently resourced in their general budget to be able to meet the first £6,000 of additional support needs an individual pupil may require before any top-up funding can be provided. Additional funding can be allocated on the basis of the assessed needs of individual pupils only when the cost of their support needs exceeds the £6,000 threshold.

The amount in this cell summarises estimated funding due for Bracknell Forest pupils. It uses information available as at 3 February 2015 and does not therefore reflect the potential starters and leavers that will occur at the end / beginning of term or any other changes that may take place. Details of funding allocations by individual pupil have been sent separately under secure email.

12. SEN Resource Unit

For the BF schools with attached SEN resource units, the DfE requires core funding of £10,000 to be paid for each of the agreed number of places. Additional funding will be allocated based on assessed need of individual pupils, where this is above the core £10,000 per place funding. This is unchanged from 2014-15.

13. High needs contingency for schools experiencing a disproportionate number of HN pupils

The autumn term consultation with schools sought views on the policy in relation to the SEN specific contingency to provide additional financial support to schools with a disproportionate number of high needs pupils i.e. those with high numbers of pupils with assessed support needs above the £6,000 funding threshold set by the DfE. The Schools Forum agreed to continue to allocate funds to schools with the highest proportion of High Needs pupils and highest proportion of High Needs top-up funding using fixed funding thresholds. Relevant funds have been included on the 2015-16 budget statement.

C Funding for Early Years:

14. Funding for the free entitlement to education and childcare for 3 and 4 year olds

This factor has not been updated from the 2015-16 Indicative allocation sent in December 2014. Once the verified funded hours from January 2015 Census return are available a further update will be provided.

This factor funds schools that provide the free entitlement to early years education and childcare. It is a sub-Formula to the main Formula. Funds are allocated on an hourly funding rate basis, consisting of the hourly base rate (£3.17), supplemented by hourly rates for High Deprivation (ranging from 0p - 32p) and High Quality (ranging from 0p - 48p). The funding rates remain unchanged from the current financial year. Estimated termly participation hours are based on actual take up from the January 2014, April 2014 and October 2014. Funding is then recalculated and adjusted in-year in line with actual termly take up, which means that indicated funding will change when actual take-up gets confirmed during the year. From the 1 April 2015 a new supplement estimated at £0.53 per hour will be paid to any child who is eligible under the criteria for a Free School Meal. At this stage we are waiting for data on numbers of pupils that qualify at provider level.

The separate EYSFF 2015-16 tab provides more detail on the calculation of this amount of funding. Box 3 allows schools to model the financial impact from changes in actual hours of

participation as these may be significantly different in 2015-16 compared to the current assumption. Where relevant, changes should be made in the yellow shaded cells.

D Total Revenue Budget from Bracknell Forest Council

This cell sums together lines 1 – 14 to identify total estimated delegated funding from Bracknell Forest Council where no spending restrictions apply.

15. Memorandum item – amount of ‘de-delegated’ budgets

The new funding arrangements require all LAs to delegate funding for the same services and functions, with a general presumption of additional delegation. However, where relevant representatives on a Schools Forum agree that the whole budget for their phase e.g. primary/secondary, should be returned to the Council for central management, this is allowed. This recognises that there are reasons of cost effectiveness, ease of organisation and management or risk sharing that a strategic approach can bring. The DfE term this approach “de-delegation”.

Taking account of responses from schools to the recent consultation, the Schools Forum agreed that budgets for behaviour support services, support to schools in financial difficulty, support to EAL pupils, SIMS and other licences, supply cover for official absences, premature retirement / dismissal costs, funding for new, amalgamating or closing schools, general contingencies for exceptional circumstances and FSM eligibility checking could be ‘de-delegated’. The box on the budget notification shows the aggregate amount of funds for these services returned to the Council for central management.

Revenue Income Receipts

To ensure schools take account of all of the main income streams, additional lines have been added to this tab to include funding delivered outside the BF Funding Formula.

E Funding from the DfE for the Pupil Premium

16-18. Pupil Premium

Potential funding from the ‘Ever 6’ FSM eligibility and service families strands of the Pupil Premium have been illustrated. It uses the same number of children in each strand as funded in 2014-15, but uses the 2015-16 funding rates. For the LAC element, no reliable data is held by the Council and this cell has therefore been left blank. Schools can input their own estimate of LAC in the yellow shaded cell (G82) for the potential income to be calculated.

19. Sports and PE Grant

This is an academic year grant with 2015-16 full year funding yet to be confirmed. April 2015-August 2015 funding is within the 2014-15 academic year allocation and has previously been confirmed. This amount is separately identified. An estimated amount for September 2015 – March 2016 has been included based on the amount to be received for the period September 2014 – March 2015.

20. Universal Infant Free Schools Meals Grant

The calculation is the provisional allocation of meals grant income for infant children based on the allocation received for 2014-15. This calculation will be updated in the summer term 2015 based on actual take-up data to be taken from an average of the number of newly eligible pupils recorded in years 1 & 2 on the October 2014 and January 2015 School Censuses. For reception the data used will be the actual take-up based on newly eligible children in reception in January 2015.

F Funding 'top up' for other authority High Need Pupils

The new funding framework also changes certain payment arrangements to schools for pupils with high needs. Rather than the home LA paying all additional support needs to their schools, LAs will only pay schools top-up funding for pupils ordinarily resident in their area, irrespective of which school they attend. Therefore BFC will include funding top-ups in school budgets only for BF resident pupils. Funding for pupils placed by other LAs will be paid directly to schools by the responsible LA and schools will need to account for this in their budget by incorporating an appropriate amount of income on the appropriate Agresso account code and ensure that relevant income is received from other local authorities. The schedule of top-up funding for High Needs Pupils, which is sent separately and securely for the main budget notification, indicates BF resident pupils that the Council will continue to directly fund, separate to those resident in other LAs, for which payments to fund assessed support needs will be received direct from the other LAs.

The amount in this cell summarises funding due for other authority pupils. It uses information available as at 3 February 2015 and does not therefore reflect the potential starters and leavers that will occur at the end / beginning of term or any other changes that may take place.

G Total Revenue Income

This cell adds together all revenue income recorded on the statement, both from the DSG and other sources.

H Estimate of 2014-15 carry forward

Schools can use this cell to input estimated 2014-15 carry forward that will be available for use in 2015-16. Estimated surplus balances need to be input as positive figures, with deficits included as negative amounts. This amount is then included on the 1 page Funding Summary statement.

I Capital Funding – Funding for Devolved Formula Capital

This section sets out funding available for capital related expenditure. Expenditure can only be charged against capital budgets if the goods or services meet the definition of capital expenditure as previously advised.

The DfE prescribes the basis on which DFC should be allocated to schools. Funding rates for 2015-16 have yet to be confirmed but are expected to remain unchanged from 2014-15. Mainstream schools are expected to receive a lump sum payment of £4,000 and £11.25 per primary aged pupil and £16.88 per secondary aged pupil. Devolved Capital money is made available only for a 3 year rolling basis, with unspent balances needing to be returned to the DfE.

Other potential funding allocations

Whilst the majority of budget allocations must be fixed, some adjustments will be made where relevant criteria is met. These relate to:

- Funding for High Needs Pupils. Any changes in the numbers or needs of BF pupils assessed to have educational needs greater than £6,000 will result in in-year budget adjustments. These can be either additions or deductions depending on the nature of the change.
- Funding for Early Years. Funding for the free entitlement to education and childcare for 3 and 4 years is initially calculated on estimated hours participation against the hourly funding rate. Funding will be re-calculated each term based on actual participation and budgets adjusted accordingly. This approach is unchanged from 2014-15.
- Contingency for funding schools for in-year increases in pupil numbers. To provide in-year financial support to schools experiencing significant increases in pupil numbers, LAs are permitted to retain funding in a contingency for allocation, once qualifying criteria is met. The Schools Forum has agreed for revised funding allocations as a result of the 2014 Consultation responses. For Schools that have 3 forms of entry or more the threshold is set where there is an increase of at least 25 pupils, those schools that have 2 forms of entry and less than 3 forms of entry have a threshold of 20 and schools with less than 2 forms of entry have a threshold of 10 or more between the census point used for funding school budgets and the actual intake at the start of the next academic year. The Schools Forum must be consulted before any money is allocated to schools from this fund.
- Contingency for funding schools to meet Key Stage 1 class size regulations. In a similar way to which funds can be retained for allocation in year to schools experiencing significant increases in pupil numbers, LAs are also permitted to create a contingency to allocate funds in-year to support schools facing additional costs to ensure Key Stage 1 class size regulations to limit classes to no more than 30 pupils per teacher are not breached. The Schools Forum must be consulted before any money is allocated to schools from this fund.

Charges for bought back services

The Charge sheet shows the charge for all services available from the Council with a second column to show the services currently being purchased.

Potential cost pressures

In calculating potential expenditure in 2015-16, the following headline factors should be taken into account, unless there is a more appropriate alternative rate to reflect local circumstances:

- Teacher's and Local Government pay inflation, assumed at 1%.
- Other general inflation, assumed at 1.5% at around
- Increase in contribution to the Teachers' Pension Scheme, from 14.1% to 16.4% at September 2015
- Increase in contribution to past deficit accumulated on the Local Government Pension

Scheme

- Provision for the key priorities in the School Improvement Plan should be reflected in the budget, to the extent that they are affordable

Contact for queries

If you have any queries on this guidance note, in the first instance please contact Angela Fright on 01344 354053 or email education.finance@bracknell-forest.gov.uk

Schools Block Budget Changes for 2015-16

Schools Block DSG income

1. The DfE published verified October school census and other data that must be used to calculate 2015-16 school budgets on 16 December. This showed actual pupil numbers at 15,233 (up 277 = 1.9%) which with the current £4,283.66 DSG per pupil funding rate paid to BFC results in total funding of £65.253m.
2. One adjustment has been made by the DfE to the core DSG allocation for the third year in a row. It reflects changes to the induction regulations so that teaching schools can act as the 'appropriate body' for the induction of newly qualified teachers. Schools now pay for this element of induction from their preferred supplier, rather than it being made available without charge from the LA.
3. The Schools Block DSG for 2015-16 is therefore estimated at £65.276m, an increase of £2.724m compared to the £62.552m received in 2014-15.

Proposed use of accumulated balances and existing earmarked reserves

4. Funding available for schools can be adjusted by applying unspent DSG from previous years. There is expected to be a net deficit carry forward of £0.295m at the end of 2014-15 after taking account of the £0.691m accumulated surplus. The budget proposals for 2015-16 will need to ensure that planned spend in 2015-16 can be funded from anticipated income for the year with plans put in place during the year to recover the deficit, but with a recognition that this may not be achieved in full until 2016-17.
5. Furthermore, as part of the financial planning process, Earmarked Reserves have been created. These hold sums of money which have been set aside for specific purposes where the precise timing and cost is unknown, but a future pressure is expected to arise. Following agreement of the Schools Forum, an Earmarked Reserve of £0.285m was created in the Schools Budget to assist with the implementation of the Council's Job Evaluation exercise.
6. Taking the changing landscape into account, last year the Forum agreed that this Reserve should be used in line with Council policy and that the £ equivalent of the Living Wage would be adopted from April 2014 and paid as the Bracknell Forest Supplement, rather than implementation of the original outcomes from the Job Evaluation exercise. The Living Wage is regarded as the minimum income necessary for a worker to meet basic needs. It is a benchmark figure, initially set at £7.65 per hour outside the capital and is expected to rise to £7.85 (+2.6%) from April 2015.
7. Therefore £0.144m was drawn down in 2014-15 to fund the estimated cost in mainstream schools with a further £0.023m for Kennel Lane Special (KLS) school, which is in the High Needs Block and therefore outside the detailed scope of the Schools Block. The remaining balance in the Reserve is proposed to be fully allocated in 2015-16 with £0.100m to mainstream schools and £0.017m to KLS. This split is in proportion to actual 2014-15 costs and is £0.037m below estimated 2015-16 costs for mainstream schools and £0.006m for KLS. From 2016-17 a new funding source will need to be found for this pressure, or it will need to be funded from within existing resources held by schools.

Summary additional income

8. Adding together the estimated increase in DSG income of £2.724m and £0.100m draw down from the Job Evaluation Reserve, there is additional income of £2.824m for next year's Schools Block budget.

Budget proposals for 2015-16

9. The different parts of the Schools Block budget that the DfE allows DSG to finance have been added to this note as annexes to show the services provided. Annex 2 shows both Part 1 centrally managed items where spending is limited to the amount agreed in the previous financial year and Part 2 centrally managed items where no restrictions on annual increases apply. Annex 3 sets out de-delegated budgets which the Forum has previously agreed should continue under central management by the Council, rather than within delegated school budgets.
10. Both of these annexes show the re-stated 2014-15 budget, the impact of changes in the 2015-16 budget. It can be seen that the majority of centrally managed Schools Block budgets are subject to cash limiting by DfE funding Regulations and are not permitted to increase. With an anticipated 1% pay award, a 2.4% increase in Teachers Pension Scheme and general inflation running at 1.5%, this restriction will require real terms savings to be managed on the relevant budgets, or a reduction in services provided.
11. Before looking at new proposals, there are a small number of changes needed to the £62.696m 2014-15 base budget - £62.552m DSG and £0.144m from the Job Evaluation Reserve - to reflect the removal of one-off funding allocations and changes to budget categorisations to reflect the annual update to the DfE Funding Regulations. The £0.144m allocation from the Living Wage Reserve has been removed from school budgets to reflect the one-year funding – note a new allocation is proposed to be added below as part of the new year proposals – with two self-balancing budget re-categorisations between different Parts of the Schools Block.
12. The first self balancing adjustment relates to setting aside £0.1m to fund the SEN contingency to support schools that admit a disproportionate number of High Needs Pupils that has been agreed in both of the last 2 annual financial consultations. The second change relates to re-categorising New School Start Up funding from a de-delegated budget to central management that is not subject to annual spending restrictions and reflects the latest DfE guidance. These three changes are shown in lines 2-4 of Table 1 below and create an ongoing budget to be funded from the Schools Block DSG of £62.552m.
13. Two savings are proposed on centrally managed items that reflect the current profile of likely spend. Rolling forward current pupil numbers to the start of the 2015-16 academic year indicates that the budget for in-year growth allowances can be reduced by £0.123m to £0.183m. A new funding agreement has also been approved by the Schools Forum for start-up costs at Jennett's Park Primary School, and this will save £0.020m against the current budget. Overall £0.143m of savings are proposed and these are shown in lines 6 and 7 of Table 1.
14. The financial impact on the Funding Formula for Schools from the October 2014 census is shown in lines 8-10 of Table 1. There is £0.859m growth added to primary schools to reflect 310 additional pupils (+3.3%) and a deduction of £0.148m from secondary schools where numbers have fallen by 33 (-0.6%). Overall, pupil numbers have increased by 277, 1.9%. Other data changes from the October census impact on funding allocations for deprivation, low prior attainment and a small number of other pupil characteristics. These aggregate to additional costs of £0.104m.

15. The most significant change in funding allocations to schools other than for pupil numbers relates to deprivation funding as measured through the Income Deprivation Affecting Children Index (IDACI). IDACI measures the likelihood of income deprivation for families by resident post code. The updated indicators supplied by the DfE indicate an extra £0.114m of funds need to be allocated. This represents an 8% increase in funding compared to 2014-15. Free School Meal eligibility allocations have decreased by £0.001m.
16. The final set of changes proposed to school budgets relate to funding the estimated cost of inflation on business rates, as the DfE requires schools to be funded on the estimated actual costs, which is £0.029m, and a self-funding budget transfer for the National Copyright Licensing agreement. DfE has negotiated a national agreement for all schools at a lower cost than the aggregate payments being made by individual schools of which the scope has been widened to cover more licences, meaning costs currently funded from individual school budgets will now be charged to a centrally managed budget, which requires a funding transfer. These changes were made in April 2014 but amounts were not confirmed until after the 2014-15 budget was set. These changes are shown in lines 11 and 12 of Table 1.
17. Separate work on SEN costs has demonstrated that it will be impossible to balance the commitments to High Needs Block DSG funding without a substantial contribution from the Schools Block DSG. It also confirms a funding swap between Council and Schools Budget funding responsibilities will be required to allow for additional resources in the SEN Team to put in place actions to manage down placement costs. £0.03m of the funding transfer will result in a cost increase within the Schools Block, and relates to the educational cost for Looked After Children (LAC) without statements of SEN being education in Children's Homes. This pressure is shown in line 13 of Table 1.
18. Current forecasts for costs of pupils placed in external specialist providers indicates an over spending against current budget in 2015-16 of £1.856m. This amount includes £0.03m of the proposed funding transfer in respect of without statements of SEN being education in Children's Homes. Savings of £0.2m on other SEN related budgets are considered possible and therefore a net pressure of £1.656m is expected on supporting High Needs pupils. In addition, there remains the unfunded 2014-15 reduction in High Needs DSG of £0.282m which also needs to be financed. Therefore, the combined net pressure is estimated at £1.938m and is shown in lines 14 to 16 in Table 1.
19. The forecast figures for High Needs pupils exclude the impact of the new SEN facility at Eastern Road. Over the medium to long term, significant savings of over £0.5m are anticipated, however, in the short term as the facility has relatively low numbers, there will be an additional cost of which £0.49m could be funded from the SEN Resource Unit Reserve. Due to the DfE moving to funding LAs for places – the £10,000 cost of elements 1 and 2 – on a lagged, annually in arrears basis, there will initially be less income for this than originally anticipated, with the expectation that the SEN Resource Units Reserve contains £0.11m less than required to provide sufficient finance for the start up costs. A contribution of £0.055m for 2 years from 2015-16 has therefore been agreed to secure funding for this essential development which is shown at line 17 of Table 1.
20. The final budget proposal relates to making an allocation from the Living Wage Reserve to finance the cost of meeting the pay supplement. A revised calculation based on autumn term 2014 payments indicates total costs for schools – including KLS which is in the High Needs Block – of £0.16m but with only £0.117m remaining in the Reserve there are insufficient funds to cover all of the costs. Based on a pro rata funding allocation, £0.1m relates to mainstream schools and £0.017m for KLS. Adding the £0.1m transfer

from the earmarked Reserve, as shown at line 18, increases the amount of additional funds next year to £2.824m, as per line 19.

21. These budget changes, as summarised in Table 2 ensure that a balanced budget can be set, based on current information.

Table 1: Proposed use of Schools Block income

Ref.	Budget proposal	Delegated	De-	Centrally	High	Total
		Budgets	delegated	managed	Needs	
		1	2	3	4	5
		£'000	£'000	£'000	£'000	£'000
1	Original Schools Block budget for 2014-15	60,266	1,319	1,111	0	62,696
2	Remove draw down from Living Wage Reserve	-144	0	0	0	-144
3	Re-categorise funding for SEN Specific Contingency	-100	0	0	100	0
4	Re-categorise New School Start Up funding	0	-70	70	0	0
5	Re-stated 2014-15 base budget	60,022	1,249	1,181	100	62,552
	<u>Changes for 2015-16:</u>					
	<u>Savings:</u>					
6	Saving on in-year growth allowances	0	0	-123	0	-123
7	New School Start Up funding	0	0	-20	0	-20
	<u>Other changes funded from DSG:</u>					
8	Effect of additional number of primary pupils	859	0	0	0	859
9	Effect of reduced number of secondary pupils	-148	0	0	0	-148
10	Effect of changes in pupil characteristics e.g.FSM numbers, test results, EAL etc	104	0	0	0	104
11	Rates inflation	29	0	0	0	29
12	National Copyright licence	-15	0	15	0	0
13	Education fees for vulnerable students	0	0	30	0	30
	<u>Funding of High Needs Block costs:</u>					
14	Reduction in 2014-15 High Needs Block DSG	0	0	0	282	282
15	Additional placement costs in 2015-16	0	0	0	1,856	1,856
16	Savings to be identified on SEN budgets	0	0	0	-200	-200
17	Contribution to SEN Resource Units Reserve	0	0	0	55	55
	<u>Change to be funded from reserves</u>					
18	Cost of implementing the Living Wage	100	0	0	0	100
	Total budget for 2015-16	60,951	1,249	1,083	2,093	65,376
19	Change (Lines 6 - 18)	929	0	-98	1,993	2,824
20	Estimated unfunded deficit from 2014-15 - funding to be identified during 2015-16					295

Schools Block budgets centrally managed by the Council

Budget item	Total 2015-16 £
<u>Part 1: Spending limited to amount agreed in the previous financial year</u>	
Combined Services Budgets*:	
Family Intervention Project	£100,000
Educational Attainment for Looked After Children	£133,590
School Transport for Looked After Children	£42,890
Young People in Sport	£18,050
Common Assessment Framework Co-ordinator	£42,470
Domestic Abuse	£6,000
Education Health Partnerships	£30,000
SEN Contract Monitoring	£32,680
Miscellaneous (up to 0.1% of Schools Budget):	
Forestcare out of hours support service	£4,850
Borough wide Initiatives	£27,270
Support to Schools Recruitment & Retention	£7,470
School Admissions	£175,970
Schools Forum	£21,440
Sub total Part 1 items	£642,680
<u>Part 2: No restriction on annual increases</u>	
Schools Contingency:	
Significant in-year growth in pupil numbers	£182,648
Key Stage 1 class sizes	
Start up costs for new schools(was de-delegated)	£50,000
Boarding Placements for Vulnerable Children	£75,880
Central copyright licensing	£45,000
Sub total Part 2 items	£439,920
Total Part 1 and Part 2 items	£1,082,600

* Combined Service Budgets funded by the DSG generally support vulnerable children and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.

Items subject to de-delegation

Budget Item	Total 2015-16 £
<p>Behaviour Support Services :</p> <p>Behaviour Support Team – provides support to young people, children and their families in the home environment and schools to manage behaviour. £299,787</p> <p>Anti-bullying co-ordinator – assists schools in their capacity to address bullying issues. £25,027</p> <p>Schools in Financial Difficulty – additional support where a school is in, or likely to fall into one of the Ofsted categories of causing concern. £280,000</p> <p>English as an Additional Language – to support underperforming EAL pupils. £127,066</p> <p>SIMS and other licences – purchase of the licence required by the software that performs most finance and administration tasks in schools. £90,452</p> <p>Official staff absence e.g. maternity leave, union or magistrates duty, jury service, council membership, staff suspension. £345,420</p> <p>Premature Retirement / Dismissal costs to fund one-off redundancy costs following staffing restructure in schools. £52,000</p> <p>Exceptional costs (primary schools only) to support schools facing exceptional costs that could not be predicted when the budget was set £10,000</p> <p>Free School Meal eligibility checking - Ensures schools have relevant information to complete the annual, national census to maximise income. £20,000</p>	
Total Schools Budget	£1,249,752

Source data used in 2015-16 school budget calculations and changes to be made as a result of the outcomes from the financial consultation with schools

Factor	Basis of allocation for INDICATIVE budget	Basis of allocation for ACTUAL budget
Headcount	BFC October 2014 Census return. In accordance with outcomes from the financial consultation with schools; primary funding rate reduced to finance increased fixed cost lump sum allocation; secondary funding rate unchanged.	DfE dataset of number of pupils from October 2014 Census return.
FSM for Deprivation	Actual FSM headcount from BFC October 2014 Census return.	DfE dataset of FSM eligibility from October 2014 Census return.
IDACI for Deprivation	DfE dataset of pupil post codes from October 2013 Census return mapped to IDACI deprivation score and band of funding applied to the BF October 2014 Census number on roll.	DfE dataset of pupil post codes from October 2014 Census return mapped to IDACI deprivation score and band of funding.
EAL	DfE dataset pupils with EAL in their first 3 years in the education system, based on October 2013, 2012, 2011 Censuses. The percentage from the October 2013 dataset has been applied to the BF October 2014 Census NOR.	DfE dataset pupils with EAL in their first 3 years in the education system, based on October 2014 Census with EAL. Data source will be October 2014 Census for 2012, 2013, 2014 Censuses
Low Prior Attainment	Pupils in the Autumn 2013 census in years 2 to 5 have been matched onto the old EYFSP data using their UPN. A school's proportion in the dataset is the number of pupils in years 2 to 5 achieving a score of less than 78 divided by the pupils recorded as achieving a score of ≥ 0 . The October 2013 dataset information has not been changed for the indicative budget calculation and the actual 15-16 budget calculation is detailed in the next column.	Pupils in the Autumn 2014 census in years 3 to 6 are matched onto the old EYFSP data using their UPN. A school's proportion in the dataset is the number of pupils in years 3 to 6 achieving a score of less than 78 divided by the pupils recorded as achieving a score of ≥ 0 . Pupils who could not be matched onto the attainment data, or for whom the attainment data does not provide a result or gives an alternative result, are excluded from this calculation. If a school has primary pupils but no pupils with valid EYFSP results, then they will be given a KS2 proxy in the dataset, using either the KS2 results of secondary pupils currently in the school or the KS2 results of the most recent cohort to be assessed at the school.

Factor	Basis of allocation for INDICATIVE budgets	Basis of allocation for ACTUAL budget
High Needs Block	Funding top up for individually assessed pupils with support needs above £6,000. Based on BFC actual schedule as at end of November 2014, plus an estimate for other LA children. Not adjusted for estimated impact from anticipated July leavers / September starters.	Funding top up for individually assessed pupils with support needs above £6,000. Based on BFC actual schedule as 3 rd February 2015. Not adjusted for estimated impact from anticipated July leavers / September starters.
Early Years	2014 Spring, Summer and Autumn term actual funded hours as a proxy for Summer and Autumn 2015 and Spring term 2016, based on 2014-2015 funding rate.	Summer and Autumn 2014 terms actual funded hours as a proxy for Summer and Autumn 2015 and Spring term 2015 as a proxy for Spring 2016, based on 2015-2016 funding rates.
Pupil Premium Grant	Estimated per pupil amounts provided, schools to input own estimate for number of qualifying pupils. For the first time eligible 3 & 4 year olds in nursery classes will receive an hourly supplement estimated at £0.53.	Final per pupil funding amounts provided, schools to input own estimate for number of qualifying pupils.
Devolved Formula Capital	2014-15 DfE funding rates against 2014 January Census NOR.	2014-15 DfE funding rates against 2014 January Census.

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