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**Meeting:** Schools Forum

**Date:** 24<sup>th</sup> June 2013

**Subject:** Schools Specific Contingency Budget

**Report of:** Deputy Chief Executive and Director of Children's Services

**Summary:** To provide an update on the use of the School Contingency Budgets for 2012/13 and 2013/14.

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Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

#### **RECOMMENDATIONS:**

- 1. To note the School Contingency position statement as at March 2013**
- 2. To note the DSG Contingency spend to 31<sup>st</sup> May 2013**
- 3. Consider the options for supporting the schools with age range changes for the funding period 2013/14**

#### **Background**

1. The Schools Specific Contingency Budget falls under Schedule 2 of The School Finance Regulations 2008; 'Classes or descriptions of planned expenditure prescribed for the purposes of the Schools budget of a Local Authority which may be deducted from it to determine the Individual Schools Budget (ISB)' (top slice Direct Schools Grant – DSG).
2. At the Central Bedfordshire School Forum on 5<sup>th</sup> March 2012, the following budgets were agreed:
  - £500,000 General Contingency
  - £275,670 SEN Contingency.

Total School Contingency Budget agreed for 2012/13 is £775,670.

3. The School Contingency carry forward from 2011/12, as at 31<sup>st</sup> March 2011 was £898,917 which is split into General (£818,999) and SEN Contingency (£79,918).

4. The General Contingency budget can be utilised to fund the following:
- Rent and Joint Use equalisation charges;
  - Rates adjustments that have arisen from re-valuations or an adjustment to original formula;
  - Lease/planning permission associated with curriculum classes;
  - Adjustment to Formula i.e. floor area, teacher threshold, NQT, additional pupil numbers;
  - DSG shortfall;
  - Closing Schools;
  - Redundancy costs where applicable
  - Funding of exceptional circumstances, the Director of Children's Services can authorise sums up to £10,000 in respect of any one school in a financial year.

### General Contingency Expenditure 2012/13

5. The following table sets out the expenditure for 2012/13 against the School General contingency budget.

	<b>BUDGET</b> £	<b>SPEND</b> £	<b>BALANCE</b> £
Carry Forward from 2011/12	818,999		
Budget Allocation 2012/13	500,000		
Floor Area Adjustments		(47,939)	
Rent Adjustments		(10,021)	
Rates Adjustments		(33,128)	
Rate Relief (Academy converters)		181,841	
Legal Fees		(410)	
Redundancy		(88,622)	
Unspent DSG supporting Central Services		2,085,279	
Final DSG Adjustment (DfE)		14,152	
EYSFF Adjustment		(4,161)	
Interest		2,164	
Exceptional Circumstances		(29,200)	
Pupil adjustment		(132,458)	
Allocation of unspent DSG		(1,779,125)	
Additional Pupil Funding (4%)		(433,984)	
School in Financial Difficulty		(264,424)	
<b>Total General Contingency</b>	<b>1,318,999</b>	<b>(540,036)</b>	<b>778,963</b>

6. The balance has been Earmarked and carried forward to 2013/14.

## SEN Contingency Expenditure 2012/13

7. The SEN Contingency had been agreed to fund :
- A growth in Behavioural Emotional and Social Difficulties (BESD) provision
  - Revised formula for Special Schools
  - Additional and alternative models of specialist provision within mainstream schools
  - Additional support to mainstream schools:-
    - i. Specialist support services and BESD services
    - ii. Special Schools Outreach
    - iii. Commissioned support
8. The following table sets out the expenditure for 2012/13.

	<b>BUDGET</b> £	<b>SPEND</b> £	<b>BALANCE</b> £
Carry Forward from 2011/12	79,918		
Budget Allocation 2012/13	275,670		
Outreach		(196,824)	
Redundancy		(85,538)	
Closing School		(368)	
<b>Total SEN Contingency</b>	<b>355,588</b>	<b>(282,730)</b>	<b>72,858</b>

9. The balance has been Earmarked and carried forward to 2013/14.

## 2013/14

10. From 2013/14 the Dedicated School Grant is split into three notional blocks; Early Years, High Needs and Schools with each block holding its own contingency budget

### Early Years Contingency

11. Early Years provision is funded based on predicted total number of hours attendance of registered pupils. The LA must review the budget share when further information on actual hours of attendance is available, in accordance with Part 3 of The School and Early Years Finance (England) Regulations 2013 updated. The Early Years Contingency budget has been set aside to fund the headcount adjustment that is allowable within the regulations.
12. The following table sets out the expenditure to 31<sup>st</sup> May 2013.

	<b>BUDGET</b> £	<b>SPEND</b> £	<b>BALANCE</b> £
Budget Allocation 2013/14	352,450		
January 2013 census		44,200	
<b>Total Early Years Contingency</b>	<b>352,450</b>	<b>44,200</b>	<b>396,650</b>

## High Needs Contingency

13. It was agreed at the School Forum meeting of the 21<sup>st</sup> January 2013 that SEN Contingency will continue to fund the extended role of a school such as commissioned work for Outreach and other services. Chiltern, Ivel Valley and Oakbank are currently commissioned to carry out an Outreach role.
14. The following table sets out the expenditure to 31<sup>st</sup> May 2013.

	<b>BUDGET</b> £	<b>SPEND</b> £	<b>BALANCE</b> £
Carry Forward from 2012/13	72,858		
Budget Allocation 2013/14	275,670		
Outreach		(345)	
<b>Total SEN Contingency</b>	<b>348,528</b>	<b>(345)</b>	<b>348,183</b>

## Schools Contingency

15. The School and Early Years Finance (England) Regulations 2013, Part 5 Schedule 2, Items that may be removed from Maintained Schools' Budget Shares allows for expenditure on the schools' specific contingency.
16. The regulations define schools' specific contingency as central expenditure deducted for the purpose of ensuring that monies are available to enable increases in a school's budget share after it has been allocated where it subsequently becomes apparent that a governing body have incurred expenditure which it would be unreasonable to expect them to meet from the school's budget share which may include expenditure in relation to—
- (i) schools in financial difficulty,
  - (ii) the writing-off of deficits of schools which are discontinued, excluding any associated costs and overheads,
  - (iii) new, amalgamating or closing schools, or
  - (iv) other expenditure where such circumstances were unforeseen when initially determining the school's budget share;
17. It was agreed at the School Forum meeting of the 22<sup>nd</sup> October 2012 that funds would be de-delegated back to the LA for the purpose of school contingencies. De-delegation applies to Maintained Schools only. The budget for 2013/14 is £100k.
18. The following table sets out the expenditure to 31<sup>st</sup> May 2013.

	<b>BUDGET</b> £	<b>SPEND</b> £	<b>BALANCE</b> £
Carry Forward from 2012/13	778,963		
Budget Allocation 2013/14	100,000		
DSG Adjustment		3,320	
<b>Total SEN Contingency</b>	<b>878,963</b>	<b>3,320</b>	<b>882,283</b>

## Age range change Schools

19. Six lower schools have changed age range during 2013/14, keeping a year 5 pupil groups that would have otherwise transferred to a Middle School. The Individual Schools Budgets issued for 2013/14 were based on October 2012, in line with the School and Early Years Finance (England) Regulations which refers to the 4<sup>th</sup> October 2012 for ascertaining pupil numbers for the distribution of funding for 2013/14. The Lower Schools have therefore not received pupil funding for the period September 2013 to March 2014 as this funding has been attributed to the Middle school based on October 2012 census data.
20. Following the start of the funding period the authority were contacted by a number of the schools requesting funding from the Growth fund and were advised that the fund was in place to meet basic need only. Following the request the Education Funding Agency were contacted by the LA for confirmation that the criteria agreed with School Forum for Growth funding distribution was in line with the requirements and should not be used for the purpose of schools choosing to change age range.
21. This criterion for Growth Fund was confirmed by the EFA as in line with regulations. The advice provided for funding the schools for the additional pupils in 2013/14 was by way of application to School Forum for funds held in School Contingency as a school facing financial difficulty, and for future years an application by the Council to the Secretary of State for the variation of the operation of regulation 13 of The School and Early Years Finance Regulations (pupil numbers). Regulation 13 stipulates the October census date for ascertaining pupil numbers for funding distributions.
22. The School and Early Years Finance (England) Regulations do not allow a local authority to make changes to their formulae after the funding period has commenced and therefore it is not possible to redetermine School budgets for the funding period 2013/14.
23. The 2014/15 Revenue Funding Arrangements have been announced on the 4<sup>th</sup> June 2013 and operational guidance provided for local Authorities. The issue of schools that have changed, or are going to change its age range either by adding or losing year groups is now included, as a number of Authorities have faced similar issues for the 2013/14 funding period.
24. The operational guidance states on this particular issue that it is expected that authorities will request approval to vary the pupil numbers for specific schools where:
  - There has been, or is going to be, a reorganisation or
  - A school has changed, or is going to change, its age range either by adding or losing year groups

In these cases, a weighted average of pupil numbers should be used, taking into account the changes in pupil numbers from the new academic year. If this is not done, the Department reserves the right to adjust amounts recouped from LAs to enable to properly fund Academies affected by this.

25. In line with the guidance issued the LA will need to apply for the variation in pupil numbers for specific schools for the funding period 2014/15. However, this will not resolve the issue for the six schools that have changed age range for the period 2013/14.
26. The options to be considered are as follow:
  1. Fund the schools from School Contingency for the expected pupil numbers in year group five in September 2013 as a school facing financial difficulty
  2. Support the Schools by way of a Licensed Deficit with no additional funding
27. Option one based on the estimated pupil numbers in total for all six schools paid at 7/12ths of the Primary AWPU (£2,908) will reduce the school contingency balance by approximately £298,555. Unspent dedelegated, or unspent centrally held DSG funding at the end of a financial year must be carried forward to the following funding period and be subject to the regulations operating in the new financial year. This option, based on the estimated funding required, would impact the distribution of any unspent funds to all schools, of a per pupil amount of £8.60 in 2014/15.
28. Option two where the schools are placed in deficit as a result of not receiving funding for the year 5 pupil group for 2013/14, to support the school with the approval of a Licensed Deficit, to be repaid over the normal period of three years.
29. The School Forum are asked to consider the two options available in supporting the schools. It should be noted that any unspent dedelegated, growth funding or unspent centrally held DSG funding at the end of a financial year must be carried forward to the following funding period and be subject to the regulations operating in the new financial year. Option one would reduce the possible carry forward by £298,555 which is equivalent to a per pupil amount of approximately £8.60.

**Appendices:**

None