

Title of meeting: Schools Forum

Date of meeting: 30 April 2014

Subject: Falling Rolls Fund and Schools Contingency Fund

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

The purpose of this report is to provide Schools Forum with an update regarding the utilisation of the Falling Rolls Fund in 2014-15 and to request an early decision in respect of the use of the Schools Contingency Fund.

2. Recommendations

It is recommended that Schools Forum:

- a. Approve the proposals to allocate The City of Portsmouth Boys School a sum of £109,449 from the Schools Specific Contingency Fund to support the impact of falling numbers on roll.
- b. Endorse the proposal to refine the criteria for the Falling Rolls Fund for 2015-16 and present this to Schools Forum in July 2014.

3. Background

- 3.1. In January 2014 Schools Forum approved the introduction of a Falling Rolls Fund to support schools where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term. It was intended that any allocations from this fund would be processed in April 2014.

- 3.2. At the same meeting Schools Forum also agreed to the establishment of a 'Schools Contingency Fund' for maintained schools from their de-delegated funding. It was intended that this fund would provide support where schools incur expenditure that it would be unreasonable for them to meet from their budget share.
- 3.3. The criterion for the use of these funds, which were approved by Schools Forum in January, and which have been approved by the DfE are attached at Appendix 1.
- 3.4. This report provides an update on the use these two funds and seeks approval to allocate funding from the Schools Contingency Fund.

4. Falling Rolls Fund

- 4.1. In January 2014, it was anticipated that two schools would meet the criteria to access funding from the Falling Rolls Fund in April 2014. However, due to subsequent events, neither of these schools are now eligible to receive funding from this fund.

City of Portsmouth Boys School

- 4.2. Following an Ofsted inspection in early 2014 The City of Portsmouth Boys School moved from 'Good' to 'Requires Improvement'
- 4.3. As the Ofsted decision is the only mandatory requirement of schools accessing the Falling Rolls Fund, The City of Portsmouth Boys School will not be able access the fund despite meeting all the other criteria. Analysis of the Schools balance shows that they are likely to have a year-end balance well below the 5% threshold and will possibly be setting a deficit budget for 2014-15.
- 4.4. In light of the recent decision by the Cabinet Member for Children & Education to support the governing body's proposals to convert the school into a co-educational school in the future, it is anticipated that the current surplus places within the school will be required and that it will be necessary to support the school during this transition period.
- 4.5. If the Ofsted judgement had not changed then the school would have received £109,449 in April 2014. As the school is not able to access the Falling Rolls Fund the other option would be to request funding from the Schools Contingency Fund.

King Richard School

- 4.6. It is anticipated that the overall year-end balances of King Richard School will be above the 5% threshold criteria for accessing the Falling Rolls Fund.
- 4.7. Discussions have been held with the Head Teacher and Business Manager of King Richard School and the school is able to mitigate the impact of the falling roll during the 2014-15 financial year, through the use of these balances.
- 4.8. However, the school is anticipating a continued reduction in the pupil numbers for 2015-16, although not to same extent as in 2014-15. The future forecast for the school is that the Number on Roll will eventually begin to rise.
- 4.9. Under the existing criteria it is unlikely that King Richard School would be eligible for financial support from this fund in 2015-16; therefore it is proposed that we will look to refine the Falling Rolls Fund criteria to ensure it continues to meet its objective of supporting: ***'schools where a population bulge is expected in the future but where a good and necessary school or academy currently has surplus places and faces an unmanageable funding shortfall in the short term'***.
- 4.10. It is intended that we bring back revised criteria (for application from 1 April 2015) to Schools Forum in July to provide schools with some certainty of the financial support available for 2015-16.

5. Schools Contingency Fund

- 5.1. The purpose of this fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools budget share. This may include:
- schools in financial difficulty
 - new amalgamating or closing schools
 - the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
 - other expenditure where the circumstances were unforeseen when initially determining the schools budget share.
- 5.2. The opening balance of the Schools Contingency Fund on 1 April 2014 was £190,380.
- 5.3. It was agreed in January 2014 that Schools Forum would review applications for funding from the Schools Contingency Fund in October 2014 and February 2015.

- 5.4. However, in light of the financial pressure faced by The City of Portsmouth Boys School, and the fact that had the Ofsted rating not changed earlier this year, the school would have received an allocation from the Falling Rolls Fund in April; it is requested that an early allocation be made from the Schools Contingency Fund in May 2014, for an amount equal to sum the school would have received.
- 5.5. It is planned that any underspend on the Falling Rolls Fund in relation to the City of Portsmouth Boys School will offset any overspend on the Schools Contingency Fund.

6. Reasons for recommendations

Schools Forum are recommended to approve the proposals contained within the report to support schools in line with the Falling Rolls Fund and Schools Specific Contingency criteria agreed at Schools Forum on 15 January 2014.

7. 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.

8. Legal Implications

Legal comments have been included within the body of this report

9. Head of Finance’s comments

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

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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
Schools Funding Reform 2014-15 - Reports to Schools Forum	www.portsmouthcc.gov.uk

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

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Signed by:

Appendix 1

Falling Rolls Fund

Criteria for accessing the fund

- The fund is only available to Primary and Secondary maintained schools or Academies in Portsmouth.
- Financial support will be available only for schools:
 - Judged Good or Outstanding at their last Ofsted inspection.
 - Surplus capacity exceeds 30 pupils or 20% of the published admission number.
 - Local planning data shows a requirement for at least 50% of the surplus places within the next 3 financial years.
 - Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.
 - The school will need to make redundancies in order to contain spending within its formula budget.
 - Where the school does not have a surplus revenue balance as at 31st March 2014 in excess of 5% (secondary) or 8% (primary) of its school budget share for the previous funding period (or the relevant academic years in the case of academies).

Funding Allocation

- Schools and academies who meet the above criteria in 2014-15 must submit a request financial support for financial support to the Finance Manager for Education and Children's Services by 15 April 2014.
- Funding will be using the following formula:

The decrease in the number on roll between the October 2012 and October 2013 census, multiplied by the value of the 2014-15 Basic Per Pupil Entitlement factor.

For Secondary schools, the Basic Per Pupil Entitlement Factor for Key Stage 3 will be used.

- *The maximum allocation to a school or academy from the fund will be limited to £300,000.*

Schools Specific Contingency Fund

Purpose of the fund

The School and Early Years Finance (England) Regulations, permit the creation of a 'schools specific contingency' via the de-delegation of funding through the schools revenue funding formula. The contingency fund supports only Primary and Secondary maintained schools.

The purpose of the fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools budget share. This may include:

- schools in financial difficulty
- new, amalgamating or closing schools
- the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
- other expenditure where the circumstances were unforeseen when initially determining the schools budget share

Section 4 of the Scheme for Financing Schools continues to apply in respect of schools that are or are likely to be facing a deficit balance.

Criteria for accessing the fund

- The fund is only available to maintained Primary and Secondary Schools in Portsmouth
- Where as a result of exceptional expenditure or loss of income a school is experiencing financial difficulty, or has incurred other expenditure which it would be unreasonable to expect the school to meet from its budget share, then financial support will be considered for eligible schools where the following criteria are met:
 - The costs or loss of income **must** have had a disproportionate effect on the schools budget.
 - The costs or loss of income:
 - arose as a consequence of decisions by bodies outside of the control of the school or its governing body;
 - are exceptional in nature;
 - could not have been foreseen by the school or governing body.
 - The governing body has taken steps to mitigate the impact, where possible.
- Additional costs for new, amalgamating or closing schools:

New maintained schools:

Funding of costs in respect of the initial set-up of new maintained schools will be considered where a business case has been submitted by the school which sets out the expected costs to be incurred; and the following conditions are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.

- Any funding allocated would be to support the following areas of expenditure:
 - Initial leadership team capacity
 - Initial secretarial support
 - publicity, promotion and advertising of the new school
 - consultancy
 - curriculum costs
 - recruitment costs
 - other revenue costs related to set-up of the new school

One-off funding will be allocated based on the business case submitted, up to a maximum funding allocation of £445 multiplied by the total number of additional places anticipated to be created in the school.

Amalgamating schools:

Where two or more schools amalgamate, an amount equivalent to the closing balances of the previously maintained schools will be allocated to the new school.

Closing schools:

In the case of closing maintained schools, which are not amalgamating or converting to academies status under the Academies Act 2010, the contingency may fund additional costs where the school has insufficient balances and the costs are eligible to be funded from the Dedicated Schools Grant.

- Where a maintained school is discontinued, any remaining deficits balances may be charged against the contingency. Where it is necessary to use the contingency for this purpose it will be reported to the Schools Forum at the next scheduled meeting.

Decision Making Process

Where a school believes that their circumstances warrant support from the 'schools contingency fund', then governing body should submit a request to the Finance Manager for Education and Children's Services.

The submission will be reviewed by the Head of Education and the Finance Manager for Education and Children's Services. The level of the schools revenue and capital balances will also be considered as part of the review of any submission.

Any application which the Head of Education and the Finance Manager for Education and Children's Services assess as meeting the above criteria, will be presented to the Schools Forum at the October and February meetings to make the final decision as to whether to provide financial support from the fund.