

5 July 2018

Item 9**TITLE OF REPORT: Contingency Funding Review**

Purpose of the Report

To bring to Schools Forum an update from the subgroup of Schools Forum on the requested review of the school's contingency criteria.

Background

Schools Forum requested a review of the current contingency criteria due to the diminishing centrally held Dedicated Schools Grant (DSG) reserves and the increasing financial pressure on schools.

The subgroup met on 20 June 2018 to review the current contingency criteria. It was the view of the subgroup that all of the current contingency criteria should be removed apart from current criteria 2, and an additional criterion be added for schools to apply to Schools Forum for contingency funding for truly exceptional circumstances that are outside the control of the school and governing body. The second criteria would be a three stage process, officer review of the application form, debate at Schools Forum for approval, sign off by a senior officer.

The proposed amendments to the contingency criteria and the current application form are shown in appendix one.

The subgroup also proposed that the current model of reasonableness (appendix 2) and contingency application form be reviewed to provide an updated application form to support the application for exceptional circumstances contingency funding.

If the proposed changes to the contingency funding criteria are agreed, Schools Forum will have to agree how any allocations will be funded and who can call on these funds if there are no DSG reserves to call on.

It is permissible under the Schools and Early Years Finance Regulations 2018 for the Schools Block of the DSG to be top sliced to support schools in financial difficulty, however this would impact only on mainstream schools and does not include early years settings, special schools, the Pupil Referral Unit (PRU), or post 16 provision.

Any agreed contingency criteria will need to be reviewed once the National Funding Formula is fully implemented and local authorities and Schools Forum's no longer have any input into the formula for funding mainstream schools, as there may be no mechanism to fund contingency requests.

Proposal

That Schools Forum reviews and comments on the proposed amendments to the schools contingency criteria, and notes that a review of the current model of reasonableness, and contingency application form will be undertaken and brought to Schools Forum for review and input. If any contingency criteria are approved further work will be undertaken on how successful applications will be funded.

Recommendations

That Schools Forum reviews and comments on: -

- the attached proposed changes to the current contingency criteria
- that further work be undertaken on the current application form and model of reasonableness
- how applications for contingency be funded in the future if there are no centrally held DSG reserves to call on

For the following reasons: -

- To update schools contingency criteria at the request of Schools Forum
- To review how successful exceptional circumstances criteria are funded if there are no DSG reserves to call on.

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Appendix 1

Contingency Funding Criteria (July 2016)

The LEA will may retain centrally contingency funding that **could** provide in-year support to schools for:

1. ~~Cost pressures specifically identified and caused by a relatively large numerical change in pupil numbers, especially if it relates to a single age group, where the change is outside the control of the governing body and where the timing of the change in circumstances prevents no opportunity to the school to plan accordingly (e.g. housing demolition or compulsory purchase orders, or reorganisation)~~
2. ~~1. The correction of significant errors in the data or in the application of the resource allocation formula.~~
3. ~~Emergency costs arising from incidents outside the control of the governing body of the school (e.g. flood or fire damage). The money allocated for these purposes will be earmarked for specific use.~~
4. ~~The provision of additional resources or other special support, temporarily, in response to a school as described in the DfE guidance "Schools Causing Concern" issued March 2016, and in accordance with Section 44 of the Education Act 2005, sections 60, 61 and 62 of the Education and Inspections Act 2006.~~
5. ~~For in-year allocations to schools in respect of pupils with new or revised statements of SEN /Education Health and Care Plan, or for these pupils transferring between schools within the LEA.~~
6. ~~Schools that are in financial difficulty, and can demonstrate that they have taken all reasonable measures to address financial issues, and that the current financial difficulties are not as a result of financial mismanagement. Schools must apply the LEA's "Model of Reasonableness" before making an application to demonstrate that they meet the criteria.~~

~~If contingency is given and a school ends the same financial year with a surplus the contingency payment, or a proportion of it, will be clawed back.~~

2. If a school can demonstrate exceptional circumstances outside of the control of the school and the governing body, they may apply for contingency funding. Dependant on the circumstances and the value awarded this funding maybe repayable.

Application for Contingency Funding

School	
Headteacher	
Amount of contingency funding applied for	£

Background

Use of Contingency Funds

Please note that if contingency is given and a school ends the same financial year with a surplus the contingency payment, or a proportion of it, will be clawed back.

Position	Name	Date	Signed
Head Teacher			
Chair of Governors			
School Budget Officer			
School Business Partner			
Service Director – Learning & Schools			

Please attach the latest version of the schools 3 year plan as supplementary evidence to support this application.

MODEL OF REASONABLENESS FOR INFANT, JUNIOR & PRIMARY SCHOOLS

The below factors will only to be used to inform discussions between the Local Authority and Schools who are seeking deficit approval and Contingency Funding. It is intended to help ensure Contingency Funds are allocated fairly.

The criteria below do not represent ideal staffing and service provision but are reasonable within the current financial constraints.

It is recognised that:

- circumstances and needs of individual schools vary and the responsibility for the appointment and deployment of staff remains with the Headteacher and Governors.
- the Local Authority will decide on Contingency Funding allocation and will seek approval for their decisions from the Schools Forum.
- the authority for making final Contingency Fund allocations remains with the LA.
- Schools that receive Contingency Funding, and have balances over 8% at the end of the financial year will have amounts over the 8% and up to the amount of the Contingency Funding deducted from their balance.

	Factor	Group 1 School	Group 2 School	Group 3 School
1	Headteacher	Possible teaching commitment	No teaching commitment	No teaching commitment
2	Deputy Headteacher	Full teaching commitment Review and explain if outside ISR	Full teaching commitment (max. 3 x ½ days release) Review and explain if outside ISR	Teaching at least 50% (20%-50% release) Review and explain if outside ISR
3	Salary Range HT/DHT	Review and explain if outside ISR	Review and explain if outside ISR	Review and explain if outside ISR
4	Pupil Teacher Ratios	Should comply with teaching ratios for nursery and infant class sizes	Should comply with teaching ratios for nursery and infant class sizes	Should comply with teaching ratios for nursery and infant class sizes
5	Pupil Adult Ratios	To be appraised	To be appraised	To be appraised
6	Whole School Staffing Structure, (inc PPA)	To be appraised	To be appraised	To be appraised
7	Financial Services LEA	At minimum level	At minimum level	At minimum level
8	Office Staff	1 F.T.	1.5 F.T. max.	1 – 2 F.T. max
9	Sickness Insurance	Must minimise the risk	Must minimise the risk	Must minimise the risk
10	Caretaking / PFI charges	At minimum level	At minimum level	At minimum level
11	Use of other school income e.g. Standards Funds SSG & SSG(P)	To be appraised	To be appraised	To be appraised
12	Devolved Formula Capital Balance & Use	To be appraised	To be appraised	To be appraised
13	Use of Surplus Balances	To be appraised	To be appraised	To be appraised

MODEL OF REASONABLENESS FOR INFANT, JUNIOR & PRIMARY SCHOOLS
– Pro-forma Application Form

The below factors will only to be used to inform discussions between the Local Authority and Schools who are seeking deficit approval and Contingency Funding. It is intended to help ensure Contingency Funds are allocated fairly.

	Factor	
	School Grouping e.g. Group 1,2 or 3	
1	Headteacher	
2	Deputy Headteacher	
3	Salary Range HT/DHT	
4	Pupil Teacher Ratios	
5	Pupil Adult Ratios	
6	Whole School Staffing Structure, (inc PPA)	
7	Financial Services LEA	
8	Office Staff	
9	Sickness Insurance	
10	Caretaking / PFI charges	
11	Use of other school income e.g. Standards Funds SSG & SSG(P)	
12	Devolved Formula Capital Balance & Use	
13	Use of Surplus Balances	

The rational and amount of Contingency Funding Applied for

Total Amount of Contingency applied for	
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Rational for Contingency application	
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