

**Report to:** Schools Forum

**Date of Meeting(s):** 12<sup>th</sup> May 2016

**Subject:** Supplementary Fund Allocation 2016/17

**Report of:** Alan Lindsay – Assistant Director Education

**Contact Officer:** John McDonald – Strategic Finance Manager

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**Summary:** To provide a summary of the outcome of the bids by Schools to the Supplementary Fund 2016/17

**Recommendation(s):** For Schools Forum to note the contents of the report and make a decision in respect of the growth allocation

**Implications:**

*What are the **financial** implications?* If agree to option 1 or 2 this will require extra funding from reserve if applied in year (16/17)

*What are the **staffing** implications?* n/a

**Risks:** n/a

## **1. Introduction**

**1.1** As agreed at Schools Forum this fund is to be used to support schools in meeting local needs and to ensure schools remain sustainable in the short term and capable of meeting increased demand for places in the longer term.

**1.2** In order to access this transitional funding individual schools had to submit a business case to the Schools Finance Team detailing the amount of funding required and how the required funding will deliver a sustainable budget. Schools were also asked to submit a 3 year budget plan to support the bid. In considering an application the Finance Team took account of the following factors :

- a) The year on year budget reduction as an absolute value and as a percentage
- b) The current level of balances held by the school
- c) The demographic projections specific to the area involved
- d) The sustainability of the proposal

**1.3** The bids were then put forward and assessed with officers from the directorate before submission to the Director of Children's Services for approval.

**1.4** The fund covers the areas below and there is set criteria against the first three as per EFA guidance.

- growth
- falling rolls
- disproportionate SEN
- contingency
- redundancy

### **1.5 Growth**

A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its' PAN in agreement with the authority. The business case will detail the additional costs to the school of this extra provision and this will be cross referenced against an amount based on an additional per pupil AWPU increase reflecting the proportion of the year which is not funded within the school's budget share. This is in line with the practice that many authorities adopt. There is no EFA prescribed method for funding growth.

A number of schools have requested an amount based on the inclusion of all the other factors (except the lump sum). We propose two methods for potential allocation -

1. An average (based on an average method calculation) – Total funding less lump sum divided by the NOR to provide an average per pupil rate which is then multiplied by the increase in PAN and apportioned for the period Sept – March – if applied to the 16/17 submissions this would equate to £93k extra.

Or

2. Use the AWPU method as we do now but take the total value of the factors divided by the NOR to give a per pupil rate. This is then multiplied as above to give an extra value to add to the rate – this equates to £50k extra.

Any extra allocation would need to be funded from the DSG centrally retained reserve for 16/17 or funded from an increase to the current top slice of £250k from DSG.

## **1.6 Falling rolls**

The authority will assist schools with falling rolls in exceptional circumstances and relating to those schools deemed good or outstanding by Ofsted if the following criteria are met;

- There is a reduction in numbers between the October School Census with the previous October census that will significantly affect provision within the school.
- Local Planning data evidences that the reduction is only temporary.
- The school does not have a surplus revenue balance that can be used to fund the shortfall in the short term.

Funding may be allocated up to the AWPU rate for the difference between the current year and the lower number on roll but is limited

## **1.7 Disproportionate SEN**

The initial qualifying criteria is that a school must have a greater proportion of high needs pupils compared with numbers on the roll than the specified threshold (40% above the specified average for each sector). The proportion above the threshold is then multiplied by £6,000 to give a potential annual allocation which would be adjusted on a termly basis for a revision to numbers. However before any allocation is approved an assessment is made of the individual circumstances pertaining to that school.

## **1.8 Contingency**

Contingency funding can be retained centrally but only for a limited range of circumstances:

- a. exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet;
- b. schools in financial difficulties; and
- c. additional costs relating to new, reorganised or closing schools.

## **1.9 Redundancy**

The authority has a small general fund provision to fund the cost of redundancies. These must be supported and agreed with the authority's HR team. In future, with the demise of the Education Services Grant this funding will disappear.

## **2. Allocations**

- 2.1 There were total bids of £2.198m (27 schools) against a total fund of £1.3m. The approved allocations are set out in Appendix 1 and total £1.271m. There is one outstanding submission to be assessed. Further bids will be considered throughout the year under exceptional circumstances only.
- 2.2 A number of schools complained about the timing of the process last year which led us to change the dates to early March to assist with the budget setting. Although the majority of schools submitted their bid on time and with the relevant information a number were late. 6 schools did not meet the deadline date. Also a number did not submit the requested information to support the bid.

### **3. Recommendations**

#### 3.1. Schools Forum to agree to

1. retain the current method of allocation of the growth fund
2. use an average rate
3. use the AWPU rate applicable and a factor rate

and to agree when this is applied from.

#### 3.3 Schools Forum to note the content of the report