

Schools Forum

Title:	Contingency Clarification
Date:	4 th March
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Local members affected:	All maintained schools

Summary

This paper asks forum for clarification of the interpretation of the terms of reference, to agree a definition of “financial difficulties” and to agree to a small change to the terms of reference

Recommendation

Schools Forum agree on interpretation A or interpretation B, agree to a definition of financial difficulties and the to the minor change in the terms of reference

Background

The contingency panel provide funding to schools in financial difficulty. One of the criteria for this funding to be applied is set out in the following extract from the terms of reference:-

iii) Support for additional pupil numbers

In cases where schools experience or need to plan for, a known (not forecasted) significant rise in pupil numbers since the date of the previous funding census (October) until the start of the financial year when those pupils begin to be funded through the funding model, they may apply for additional funding to cover costs incurred in providing education to those pupils. Each case will be considered on an individual spend or need to spend basis.

Schools need to demonstrate:

- a) that necessary additional staffing costs have been incurred or need to be incurred,
- b) that financial difficulties will arise without additional funding i.e. that insufficient reserves and balances are available to cover those costs.
- c) Marginal non-staffing costs will be expected to be met by the schools themselves, but significant non-staffing costs will be considered provided that there is clear evidence to prove the cost would not have been incurred if the pupil numbers had not risen.

Interpretation A

Grant 7/12 of the AWPU for the additional pupils provided that the school could justify support by demonstrating that it had incurred significant additional teaching and/or other costs. The advantage being this is a very straight forward approach in responding to an application without the need to try and match the additional costs with the "lost" AWPU. The basis of this approach being that the school would have received such monies if it were not for the Government Financial Regulations, which stipulate that the funding per pupil is based on the previous October census.

Furthermore, as well as not receiving AWPU for the additional pupils, the school also suffers additional underfunding as it does not receive funds for deprivation, prior attainment etc.

Interpretation B

Grant the amount that the school can justify it has incurred due to the increase in pupils. Some schools may receive several additional pupils across a number of forms, thereby missing out substantially on AWPU for 7 months, but they may in fact be able to manage this with only minor additional costs by simply increasing class sizes. Therefore contingency sums should reflect the actual cost increases (with a maximum of 7/12 AWPU)

Definition of Financial Difficulty

In order to qualify for a payment from contingency panel, a school must prove that it is in "Financial difficulty". To improve consistency in decision making at panel it would be useful to have an agreed definition of "Financial Difficulties".

Proposed definition:

Financial difficulties shall be recognised when either

- a) the latest forecast of the year end results show a deficit or
- b) as a result of the additional costs (being the subject of the Contingency application) the in-year deficit of the school exceeds 2% of the school's Budget share

Minor change in terms of reference

Under b) above it states *"that insufficient reserves and balances are available to cover these costs"*

A school may have deliberately built up its reserves to cover some future significant expenditure e.g. major repairs & maintenance and therefore I suggest that before the word "reserves" we insert "free"

Definition of free reserves:

Free Reserves refers to such reserves held by a school which are not specifically held for some future defined expenditure.