

## Report to Schools Forum Funding Group

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<b>Title:</b>	<b>Review of School Specific Contingency Fund – Terms of Reference</b>
<b>Date:</b>	March 2017
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<b>Schools affected:</b>	All maintained schools

### 1. Purpose of this report

- 1.1. This report updates the School Specific Contingency Fund – Terms of Reference. It reflects the ‘School and Early Years Finance (England) Regulations 2017’, by clearly stating the use of the Fund by Maintained Schools and how decisions about the Fund are voted for by Maintained Schools members of the School Forum.
- 1.2. The other major changes in the Terms of Reference: the move from 4 meetings a year to one meeting towards the end of the Financial Year in March, where all bids from schools can be considered together. This was deemed by members of the SSCF panel, to be the fairest way to consider all bids, rather than on the current first come first served basis.
- 1.3. The Terms of Reference have been updated for recommendations from the Schools Forum Funding Group as follows: the ending of the Appeals process with the School Specific Contingency Group’s decision being final, and the extension of the application deadline from 2 weeks to 4 weeks before the Group’s annual meeting.

### 2. Recommendation

- 2.1. That Schools Forum Funding Group recommends to Schools Forum, the changes to the School Specific Contingency Fund – Terms of Reference.



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# SCHOOL SPECIFIC CONTINGENCY FUND

## TERMS OF REFERENCE

Approved by Schools Forum: March 2017  
Effective 1<sup>st</sup> April 2017

### Background

The Schools Budget consists of the delegated budgets allocated to individual schools and a budget for other provision for pupils which local authorities fund centrally. The allocation to each school is made according to formulae, either set nationally or agreed on a local basis.

In Buckinghamshire, a contingency fund has been established, in accordance with current regulations<sup>1</sup>, to assist maintained schools where, for a range of potential reasons they are experiencing financial difficulty to a degree likely to impact adversely on the education of pupils. This fund is known as the Schools Specific Contingency Fund (SSCF). The SSCF is a de-delegated service. Funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with Schools Forum approval. De-delegation is not an option for Special schools, Nursery schools and PRUs. Primary and Secondary maintained school members of the Schools Forum can vote to approve a local authority proposal to pool funding from maintained school budgets.

Any unspent balance at the year-end should be reported to Schools Forum. Funding may be carried forward to the following year and can be used specifically for de-delegated service if the authority wishes. If a local authority carries forward an overspend, then the Schools Forum must specifically agree for it to be funded from the following year's budget.

The SSCF is 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 additional 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

Regulations<sup>1</sup> give the Schools Forum members for Primary maintained schools and Secondary maintained schools the power to agree the level of the Schools Specific Contingency.

### The Schools Specific Contingency Group (SSCG)

The Schools Specific Contingency Group has delegated authority from the Managing Director of Children's Social Care and Learning and the Schools Forum to make allocations of funding to schools from the Schools Specific Contingency Fund.

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### Membership of the group shall include:

Finance Director or representative

School Improvement Manager relevant to the schools making applications

Head of SEN or representative

Schools Financial Management Adviser

and

At least two Members of the Schools Forum (preferably one Headteacher and one governor)

The group has the authority to determine appropriate criteria for the allocation of contingency funding to schools; such criteria may need to change from time to time to reflect available funding and the number and nature of applications from schools.

The SSCG will meet once a year, in March, when all cases submitted by schools will be considered. Meetings will be chaired by a Schools Forum member.

In order to avoid any conflict of interest that might exist for a member of the Group in the consideration of a specific application with which he/she may have a connection as a Governor, IEB member, Headteacher or Business Manager, then such a conflict will be eliminated by such a member withdrawing from the discussions and decision making surrounding the case.

### Principles and criteria

Schools are expected to take all reasonable issues into account when setting their financial plans and to ensure that they have capacity within their plans to deal with unforeseen eventualities. The Schools Specific Contingency Fund is necessarily very limited and is therefore allocated only in exceptional circumstances.

In considering applications for support except those relating to errors in budget shares, in all cases the school is required to demonstrate that “financial difficulty”<sup>\*</sup> would result. The SSCG will require evidence of the size and nature of the expenditure together with an explanation of steps taken to mitigate the impact on the school’s budget. The group will take account of such steps and in cases where the expenditure could have been avoided or substantially reduced (e.g. through the purchase of appropriate insurance) applications will be discounted accordingly.

<sup>\*</sup> 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

Applications will be considered for the issues arising in the academic years covered by the current financial year. However, funding is only available on a financial year basis and therefore schools should ensure that applications are made within the correct financial year. **Consideration of applications will be limited by the level of the budget set aside for the SSCF.**

Where allocations are agreed, the following criteria will generally be applied;

- (i) For errors in school budget shares arising from incorrect data or incorrect application of the funding formula – the full amount of the error for the current financial year.

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- (ii) Support for significant unforeseen costs – no more than 50% of the cost accepted by the SSCG

The following are examples of applications falling under point (ii).above – unforeseen costs – which the SSCG may consider:-

- a) Long term absence of teachers through sickness/maternity leave etc. where it has proved necessary to engage agency staff (N.B. the SSCG will require valid reasons if no insurance has been arranged)
- b) Net redundancy costs<sup>2</sup> for staff declared redundant in the first 9 months of the financial year. Redundancies arising in the last 3 months of the financial year will only be considered in exceptional circumstances.
- c) Child Protection issues resulting in staff suspensions and/or legal costs.

- (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 difficulty will arise without additional funding i.e. that insufficient free reserve and balances are available to cover those costs. "Free reserves refer to such reserves held by a school which are not specifically held for some future defined expenditure."
- 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.

Contingency panel will grant the actual amount that the school can justify it has incurred due to the increase in pupils up to a maximum of 7/12 AWPU

- (iv) Traveller Children

For Traveller children who do not receive pupil premium an amount equal to Pupil Premium shall be paid for the period at which the child is registered at that school. Claims should be made in arrears.

Applications which fall outside the scope of the Contingency Fund which will not be accepted and for clarity include those:-

- (i) for funding appertaining to prior financial years
- (ii) for capital expenditure
- (iii) from academies
- (iv) for circumstances which fall under the criteria of the growth fund, i.e. pupil growth beyond PAN to meet basic need

# **SCHOOL SPECIFIC CONTINGENCY FUND TERMS OF REFERENCE**

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## **Application Process**

Schools that believe their budget share is incorrect should contact the Finance Service Desk to verify the calculations. Any errors established will be corrected as a matter of course and will be reported to the SSCG.

Applications for funding for other reasons should be made on the standard form available on the SchoolsWeb.

[https://schoolsweb.buckscc.gov.uk/schools/leadership\\_and\\_management/finance/guidance.asp](https://schoolsweb.buckscc.gov.uk/schools/leadership_and_management/finance/guidance.asp)

Additional information or evidence may be included in covering letters etc. to support the school's application.

The application must be supported by an up-to-date forecast of the school's projected year end income & expenditure and resulting surplus/deficit (such forecasts to be provided by utilising the standard financial reporting process), Updated for 4 weeks before the panel meeting. The date of the meeting will be announced on the SchoolsWeb.

## **Notification of Decisions**

The BCC Finance team will notify Schools of the decision on their contingency applications within 15 working days of the SSCG meeting.

## **Appeals**

The SSCG's decision is final. .

Note <sup>1</sup>: THE SCHOOL AND EARLY YEARS FINANCE (ENGLAND) REGULATIONS 2017

Note <sup>2</sup>: Net redundancy costs to be calculated as the costs of the redundancy less the amount 'saved' in salaries, including on-costs, for the balance of the financial year. (Schools should be aware however that the SSCF would only cover up to 50% of the net redundancy costs)