|  |
| --- |
| **AGENDA ITEM** |

**Title of report: Schools Contingency and Growth Fund 2019/20 and 2020-21 (Update)**

**Author of the paper: Shamila Ganeshalingam**

**Officer to present the paper: Shamila Ganeshalingam/Steve Worth**

**Details on who has been consulted with on this paper to date:**

**Executive Summary:**

To give an update on the Schools Contingency and Growth Fund for 2019/20 and 2020-21 and make recommendations on the treatment of balances.

**Details of recommendations and timescales for decisions:**

That members note the allocations made against the 2019/20 Growth Fund and Schools Contingency Budget.

That members agree to roll forward the projected £0.524m underspend on the Schools Contingency to add to the Contingency in 2020-21.

That members agree to use the projected £0.955m underspend on the Growth Fund as a one-off addition to the High Needs Block.

1. **Growth Fund.**
   1. **Growth Fund 2019/20**

The Growth Fund is one of two centrally retained (top-sliced) items allowed within the Schools Block, the other being the Falling Rolls Fund.

The Growth Fund in 2019-20 was £2.22m. This includes £1.496m budget allocated in 2019/20 and an approved carry forward balance of £0.722m from 2018/19.

Officers are required to report all payments made against the Growth Fund to Schools Forum at least once a year.

The criteria for allocation have been agreed by Forum and are set out in **Appendix 1**. It is projected that £1.265m will be allocated in 2019-20. (**see Table 1**)

Payments from the 2019-20 Growth Fund will be made to schools in January or February of that financial year after the pupil numbers are checked against the October 19 census data.

**Table 1** sets out the resources paid out to schools against the budget available.

***Table 1: Growth Fund Allocation Financial Year 2019/20***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Schools** | **Type** | **Expansion** | **AWPU (£)** | **Full Year cost (£)** | **7/12ths paid (£)** |
| Bonner | Primary | 60 | 3,246 | 194,760 | 113,610 |
| Cayley | Primary | 13 | 3,246 | 42,198 | 24,616 |
| Woolmore | Primary | 52 | 3,246 | 168,792 | 98,462 |
| St Lukes | Primary | 30 | 3,246 | 97,380 | 56,805 |
| Olga | Primary | 54 | 3,246 | 175,284 | 102,249 |
|  |  |  |  | **678,414** | **395,742** |
|  |  |  |  |  |  |
| Bow | Secondary | 120 | 4,547 | 545,640 | 318,290 |
| Stephen Hawkings (lump sum) | Secondary/special | 20 |  | 200,000 | 200,000 |
|  |  |  |  | **745,640** | **518,290** |
|  |  |  |  |  |  |
| St Pauls Way (primary) | academy | 57 | 3,246 | 185,022 | 185,022 |
| St Pauls Way 18/19 adj | academy | 15 | 4,575 | 68,625 | 68,625 |
| Stebon (primary) | academy | 30 | 3,246 | 97,380 | 97,380 |
|  |  |  |  | **351,027** | **351,027** |
| **Total** |  |  |  | **1,775,081** | **1,265,059** |
| **Funding Available** |  |  |  |  | **2,220,000** |
| **Underspend** |  |  |  |  | **954,941** |

It is anticipated that the provision in 2020/21 will be sufficient to meet the need in that year and it is recommended that the remaining balance of £0.955m be transferred to the High needs Block as a one-off contribution.

* 1. **Growth Fund 2020/21**

## We reported to Schools Forum that growth funding in the Dedicated Schools Grant (DSG) is now a formula allocation calculated by the ESFA. The allocation for 2020-21 is £1.413m. This is in excess of what is required and Schools Forum agreed to reduce this to £1.1m to cover commitments for 2020-21.

1. **Schools Contingency.**
   1. **Schools Contingency 2019/20**

This is a de-delegated budget from the schools block and is only available for contributing schools, which are maintained mainstream schools.

The Contingency for Schools in Financial Difficulty currently covers changes in formula allocation, schools in difficulty due to falling rolls and changes in other costs covering rents, NNDR and legal.

The Schools Contingency Budget for 2019-20 is £0.892m. This includes £0.435m allocated in 2019/20 and an approved carry forward balance of £0.457m from 2018/19.

In 2019/20 the projected call upon contingencies in £0.368m. Although the projection is lower than the budget allocated, it is expected that the call on this budget will rise in 2020-21, especially as the revised criteria for allocation, set out in Appendix 2, will cover schools facing financial difficulties as a result of falling rolls.

**Table 2** sets out the resources now available and the estimated spend against it.

***Table 2: Schools Contingency Budget Financial Year 2019/20***

|  |  |  |  |
| --- | --- | --- | --- |
| **School** | **Type** | **Reason** | **Cost (£)** |
| Raines (closing in Aug 20) | Secondary | Teacher loyalty bonus and uniform grant for pupil moving to other schools. | 101,000 |
| Cyril Jackson | Primary | Review of the governance arrangement | 18,600 |
| Shapla | Primary | legal costs | 75,000 |
| Langdon Park | Secondary | Additional SLT support | 100,000 |
| Primary review | Primary | schools in financial difficulty | 73,100 |
|  |  | Total Allocation | **367,700** |
|  |  | Funding Available | **892,000** |
|  |  | Underspend | **524,300** |

* 1. **Schools Contingency 2020/21**

The Contingency for 20/21 is £0.440m plus a projected brought forward of £0.524m giving a total of £0.964m. It is recommended that this is retained in full as the contingency to ensure sufficient provision for issues arising from falling rolls.

**Appendix 1: Criteria for Schools Accessing Pupil Growth Contingency**

The criteria that will be used and applied to allocate funding to schools under Tower Hamlets Council, Education, Social Care & Wellbeing Growth Policy.

In particular funding will be allocated on four criteria.

a) Where there are planned permanent expansions (i.e. the school’s admission and the building capacity has been permanently increased specifically to meet additional pupil number growth) the contingency fund will meet the cost of any additional pupils on the October or January census date, compared to the previous admission number for that year group. For instance, a school that already started to move from 2 forms of entry (60 places) to 3 forms of entry (90 places), may have actual pupil numbers in Year 2 of 85, in the first year that the expansion affects Year 2. If there were 85 pupils on the October census, the school would get ((85-60) x AWPU x 7/12) or 3/12 for a January start. A minimum 20 pupils per class (or 10 for ½ a form entry) is calculated to ensure both staffing and teaching resources are covered for this provision i.e. a class of 30 pupils that has only 19 pupils at the October or January census date would be entitled to 20 x 7/12ths x AWPU rate. These arrangements apply for only the first year that any new admission places for a year-group are offered.

b) Where there is only a temporary one-off expansion in a single year group (bulge class), the maintained school or Academy will receive an extra £200 per pupil towards the cost of additional resources over and above the AWPU. These arrangements apply for only the year of opening of the class.

c) Where planned expansion of the maintained school or Academy is by at least 2 forms of entry, the Local Authority will provide additional Leadership and Management funding worth £40,000 per year over the first three financial years in recognition of the increase in management costs associated with significant expansion. (Year 1 of this funding is the school year before opening if that is agreed by the school and LA – i.e. to reflect the planning ahead requirement for the change).

d) Permanent expansions are generally implemented over time by admitting the additional pupils at Reception or Year 7 only until the additional capacity fills. Where a school has specific facilities management or ICT contract arrangements which provide services as though an expanding school were full, the contingency fund will provide proportionate support for individual schools on the basis of the year groups which are operating below full capacity. For instance, a four form of entry school offering 5 year groups is expanding to a five form of entry school. Before the expansion, there were 600 places available in total and, after the expansion there will be 750 places in total. In the first year after the expansion, however, there will be (150 x 4 + 30) = 630 places with 120 unfilled places. The contingency fund would pay for 120/750ths of the annual cost of those contracts.

**Appendix 2: Schools Specific Contingency**

***What is Covered.***

The contingency fund provides for unforeseen expenses in schools during the year that it would be unreasonable to expect a governing body to meet from their budget share; taking account of any uncommitted surplus balances the school may have.

The fund also provides support for schools in financial difficulties; this may include support to schools facing financial difficulties as a result of falling rolls. The fund can be used to support additional agreed costs, such as additional staff costs that the school’s budget share would not be expected to cover. It can also cover the cost of financial advisors requested by the LA to review a school’s deficit recovery action plan or to assist a school in producing such a plan. In certain circumstances the fund may provide additional funding to a school in financial difficulty that can demonstrate good progress in implementing its action plan.

The fund may also support new, amalgamating and closing schools, including the writing off of deficits of schools which are discontinued.