



North Tyneside Council

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Briefing note

To: Schools Forum **Author:** Schools Forum Sub Group¹ (Christina Ponting, NTC/ENGIE Partnership)

Date: 5th December 2018

Purpose of the Paper:

Information	√
Consultation	√
Decision	√

Title of Briefing: Schools Forum Sub Group Report
Headroom & Falling Roll Allocations up to 31st March 2018

Background:

A report was presented in September 2018 asking Schools Forum to give a direction on how they wished the above funds to be allocated to eligible schools in accordance with the criteria that they implemented in 7th March 2018. It was agreed that in the event no school qualified for a Falling Roll allocation or where some of the fund was unallocated then all remaining funds would be allocated using the Headroom principles minus the Academy contribution. The sub-group was asked to review applications and determine how funds were to be allocated to schools who qualified under the criteria.

In the Schools Forum in July 2018 a report was presented 'Dedicated Schools Grant Outturn 2017/18 and Schools Balances' which within Section 2 noted:

School and Central Block items

2.8 Falling Rolls

This category includes the Falling Rolls fund, the carried forward balance of £0.100m from 2016/17 was added to by the 2017/18 amount of £0.250m. As no allocations were made in 2017/18 the balance to carry forward to 2018/19 is £0.350m. The use of this fund will be considered by a Sub Group of Forum and recommendations will be brought back to Forum in September 2018.

2.9 Schools in Financial Difficulty

The de-delegated amount for Schools in financial difficulty (Headroom Funding) unallocated balance from 2016/17 was £0.011m. An amount of £0.106m had been added in 2017/18 (being the de-delegated amount of £0.131m less a contribution for the procurement support for schools of £0.025). No allocations to schools were made in 2017/18 pending a review of appropriate criteria hence the total of £0.117m is therefore carried forward in 2018/19. The use of this fund will be considered by a Sub Group of Forum and recommendations will be brought back to Forum in September 2018.

Current Position:

The Sub Group met on the 22nd October 2018, members present did declare an interest and arrangements were put in place to accommodate this. The sub-group reviewed all applications and determined that out of the 6 schools² eligible to make an application (as they were in deficit on the 31st March 2017) only one had been able

¹ Membership – John Newport, Gavin Storey, Matt Snape, Peter Gannon, Steve Wilson, David Watson, Audrey Kingham, Peter Thorpe, Stephen Baines (all in attendance); Andrew James, Phillip Sanderson, Anne Welsh/David W Bavaird, (apologies).

² Ivy Road Primary, Longbenton High, Marden High, Monkseaton High, Norham High, Whitley Bay High

to demonstrate sufficiently reduced spending negating the need for an on-going reliance on a deficit arrangement in the foreseeable future. On this basis the school would be allocated funds of £117,000. The sub-group noted that the purpose of the Headroom funding was to support schools in deficit to return to an in-year balanced position as quickly as possible and for the school to also be able to ensure it could manage within its annual budget allocation.

In determining to allocate funds the sub-group wanted to be clear that conditions would be attached to the allocation of funds which demonstrated a return to in-year balance proving that each school could operate within its in-year budget allocation without the reliance on additional funding. Schools would also be required to agree separately a repayment schedule (with the Authority) to address any cumulative deficit.

All 6 schools were to be given an update on their Headroom application and advised of the sub group's determination. Schools were advised before half term and notified that a final report would be presented to Schools Forum in December 2018. Schools were also made aware that for future years Headroom applications would require the Head teacher to present and discuss their application directly with the sub-group.

The sub-group also determined for remaining funds to be carried forward and added to any potential funds for 2018/19. Academies as per their request would be refunded a pro-rata Falling Role remaining balances for 16/17 and 17/18 respectively. The sub-groups rationale in reaching a decision regarding carry forward was that the purpose of allocating Headroom funding was to support a school to return to an in-year balance as soon as possible and therefore all schools that made a Headroom application would be required to:

- a) new to deficit - come out of deficit within a 3 year timeframe; or
- b) who had been in deficit for longer than 3 years – come out of deficit within a reasonable timeframe/ the foreseeable future.

The table below provides an overview of the funds carried forward from previous financial years into 2018/19 minus a refund for academies and the allocation to Whitley Bay High School. As noted above, £100k was carried forward for Falling Roll for 2016/17 and £250k for 2017/18. For Headroom £117k was carried forward from 2017/18.

Table 1

		Pupil Numbers	Per Pupil Value	Available Funds	Allocations	Carried Forward
Headroom	Brought forward from 17/18			£ 117,000	-£ 117,000	£ -
Falling Roll	Brought Forward from 16/17	Oct 15: 25,824	£ 3.872	£ 100,000	-£ 9,460	£ 90,540
	Brought Forward from 17/18	Oct 16: 26,085	£ 9.584	£ 250,000	-£ 23,366	£ 226,634
				£ 467,000	-£ 149,826	£ 317,174

The number of Academies has increased during this period resulting in there being 4 Academies currently – Grasmere, St Thomas More, Kings Priory and North Gosforth. Table 1 demonstrates a pro-rata refund for 2016/17 (for 3 Schools) and for 2017/18 a full refund (3 Schools) and pro-rata refund (1 School).

Proposal:

For 2018/2019 Headroom and Falling Roll has been agreed by Schools Forum at a fixed rate per pupil - based on those pupils in mainstream schools for Falling Roll and those in maintained Primary (First/Primary) and Secondary (Middle/High/Secondary) schools only for Headroom. (As a point of clarity schools whose funding is allocated via another funding block, e.g. high need, are excluded from accessing this funding).

At the end of the 2018/19 if no school qualified for Falling Roll and the practice as noted in 2017/18 continued this would result in:

- monies being deducted from Headroom for existing commitments, e.g. Schools Procurement Officer,

- monies being refunded to Academies from Falling Roll and remaining funds being allocated via Headroom.

This would result in the sub-group on behalf of Schools Forum being able to consider:

Table 2

		<u>Number of</u> <u>pupils</u>	<u>£ per</u> <u>pupil</u>	<u>Budget</u> <u>Total</u>	<u>Allocated</u>	<u>Total</u>
	Reference/Notes					
18/19	Oct 17: Primary & Secondary	23,302	£ 5.620	£ 130,957	£ -	
Schools Procurement Officer	actual costs to be clarified				-£ 25,000	
Headroom						£ 105,957
16/17	October 2015 Census	25,824	£ 3.872	£ 90,540	£ -	
17/18	October 2016 Census	26,085	£ 9.584	£ 226,634	£ -	
18/19	October 2017 Census	26,357	£ 9.485	£ 250,000	£ -	
Potential Academy refund 18/19	full year 3055 pupils				-£ 24,453	
Falling Roll						£ 542,721
				£ 698,131	-£ 49,453	£ 648,678

Recommendations:

Schools Forum having read this report, clearly understand the information provided and having asked sufficient questions to ensure clarity:

1. Note the contents of this report;
2. Ratify the recommendation of their sub-group to:
 - a) allocate Headroom funding of £117,000 (Whitley Bay High School) on the basis that the school have clearly demonstrated consistent operational decision making/delivery against the deficit recovery plan to allow them to decrease in-year spending/ reduce overall deficit.
 - b) require schools being allocated funds via Headroom (inclusive of carried forward from Falling Roll) from the 1st April 2018 to operate within conditions requiring school to:
 - i. continue to operate within their approved deficit and reduce in-year deficit (before any funding allocation) by a set % per annum, e.g. 25%;
 - ii. have a clear plan of continued deficit reduction resulting in the school being out of in-year deficit within no more than three (3) years following allocation of Headroom funds; and exclusion from making any further application to Headroom whilst the school remain in deficit;
 - iii. not return to/seek deficit approval once out of in-year deficit for a further 3 year period thereafter.
 - c) carry forward remaining funds from 2016/17 and 2017/18 Falling Roll allocations – minus the Academy refund..
3. Confirm that Schools Forum require their sub-group (pending confirmation of deficit schools at financial year end 2018/19):
 - a) to allocate funds within the parameters/ practice agreed by Schools Forum to those schools who qualify to apply within the financial year ending 31st March 2019,
 - b) require Head teachers making an application for Headroom funding to present to the sub-group, and
 - c) continue to require:
 - i. all new schools making an application for Headroom to show an improved in-year deficit position/ plan to return to in-year balance within a 3 year period

- ii. those schools in deficit prior to 31st March 2018 to show an improved in-year deficit position/ plan to return to in-year balance within a period agreed with the Local Authority on an individual school basis.
- 4. Schools Forum to receive a further report in July 2019 from their sub-group to confirm:
 - a) a review of the Falling Roll eligibility has taken place,
 - b) where no School is eligible for Falling Roll to refund Academies,
 - c) deduction of funds from Headroom for the Schools Procurement Officer,
 - d) recommendations for allocation of monies to schools who are eligible an amount from the remaining Falling Roll and Headroom funds for 2018/19 and carried forward funds from 2016/17 and 2017/18
 - e) sub-groups request to Schools Forum to ratify their recommendations.