



Briefing note

To: Schools Forum **Author:** Jon Ritchie, ENGIE
Date: 16 March 2016

Title of Briefing: Falling rolls and headroom funding 2015/16

Purpose:

1. To advise Schools Forum of the process applied by the Deficit Sub-group to reach the indicative allocation of the falling rolls and headroom funding
2. To agree to the proposed allocations subject to minor amendments as set out in the report

1. Background

At the Schools Forum meeting on 13 January 2016 the process for the allocation of the falling rolls and headroom funding was agreed. It was proposed that the update from this process would be brought to the May meeting of Forum, however as the Sub-group was able to meet on 7 March, this update can be made at this meeting.

As set out in the previous meeting ([click here for report](#)) there are two funding sources to be allocated through this process; falling rolls (£0.250m) and headroom funding (£0.194m). As in previous years, Forum has delegated the allocation process to a sub-group – the available people were able to attend the session:

- Viv Buller
- Dave Erskine
- Adrian Smith
- Jim Stephenson
- Gavin Storey
- Peter Thorp

The group met to consider both the falling rolls and headroom funding at the same time to ensure a holistic approach was applied. As two schools were eligible to apply for both funding sources, it was decided to allocate the falling rolls first and update the schools' forecast financial position before applying the headroom funding.

2. Falling rolls

Five schools met the eligibility criteria set out in previous reports and subsequently submitted an application setting out their request for funding.

The group considered each application individually and collectively. Prior to allocating the funding concern was noted regarding the expanded criteria for allocating funding. Schools Forum will remember that the criteria were revised for 2015/16 with the intention of extending the number of schools that were eligible for funding – in 2014/15 only three schools met the requirements.

This year, schools were eligible if they experienced a reduction of 7.5% or more in either total roll or in the intake year group. Whilst this achieved the objective of increasing the number of schools meeting the initial eligibility criteria, there were some schools that saw an increase in overall roll despite qualifying (due to the leaving year group being smaller than the intake year). The group felt that it worked against the principle of supporting schools with falling rolls. As a result, it is proposed that for 2016/17 the criteria will return to situations with overall reductions in roll only. However, for 2015/16 funding is being awarded to all schools who met the prescribed criteria.

The group also considered the amount to be allocated this year and decided to allocate £0.200m of the available budget of £0.250m with the remainder to be carried forward into 2016/17.

In reaching the proposed allocations below, the group looked at the historic trends of school roll, the level of pupil reduction (relative to the 7.5% threshold), the current budget position of the school and the planned use of the funding. The following draft allocations are proposed for consideration by Schools Forum:

School	Amount (£)
Wallsend Jubilee	£10,000
Westmoor	£10,000
Wellfield	£5,000
Longbenton	£87,500
Monkseaton High	£87,500
Total	£200,000

As well as changes to the criteria for 2016/17, the group was mindful to advise schools that future bids should focus on funding for revenue purposes rather than supporting capital proposals.

3. Headroom funding

Headroom funding is available to those schools with approved deficit budgets for the year subject to the forecast outturn balance being within the approved level. At this stage, it should be noted that the allocated funding is only indicative as the final award will be based on the year end outturn, which cannot be confirmed until late April/early May.

Six schools are eligible for funding this year. In reaching this decision, it was noted that Seaton Burn is currently forecasting a year end deficit in excess of their approved budget. However, this is due to exceptional costs associated with the current support being allocated to the school since it moved into an Ofsted category. For the purposes of allocating headroom funding, the underlying position (ie excluding the additional support costs) is forecast to be within the approved level. On this basis, they are included in the allocation although the applicable deficit for calculating the award has been capped at the approved level.

As noted in the earlier section, the awards for Longbenton and Monkseaton High have taken into account the falling rolls funding, which reduces the forecast deficit used to calculate the headroom funding.

The available budget, taking account of the brought forward from 2014/15, was £0.194m. As with previous years, the group decided to continue to support the funding of the procurement officer who works across all maintained schools. Similarly, it was decided to retain an element of this funding for headroom pressures in 2016/17 when it is expected more schools will be in a deficit position. After taking these decisions into account, £0.107m is to be allocated.

The group considered different approaches to allocating the funding. For St Bartholomew's it was decided to allocate a round sum allowance of £7,000 to help the school eradicate the majority of its forecast deficit, given the low value compared to the other schools. For the remainder of the schools, the funding has been allocated on a pro rata basis, using the current forecast deficit. This funding provisionally writes off 4.8% of the forecast year end deficit for Longbenton, Marden, Monkseaton, Norham and Seaton Burn.

4. Recommendations

It is recommended that Schools Forum note the proposed allocation of falling rolls and headroom funding and either agree to the proposed amounts or suggest an alternative amount.