

# Public Document Pack



**WOKINGHAM  
BOROUGH COUNCIL**

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To:- All Committee Members

## **SCHOOLS FORUM - WEDNESDAY, 23RD SEPTEMBER, 2015**

I am now able to enclose, for consideration at the next Wednesday, 23rd September, 2015 meeting of the Schools Forum, the following reports that were marked as 'to follow' on the agenda sent out recently.

### **Agenda No    Item**

10    **Revenue Monitoring (Pages 3 - 6)**

To receive and consider a report giving details of the revenue monitoring.

12    **Potential Impacts upon School Budgets 2016/17 (Pages 7 - 10)**

To receive and consider a report outlining the potential impacts upon school budgets 2016/17.

14    **Excess Balances - future use criteria (Pages 11 - 12)**

To receive and consider a report giving details of excess balances and the future use criteria.

15    **Forward Programme (Pages 13 - 14)**

To consider the Forum's work programme for the remainder of the municipal year.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andy Couldrick', written in a cursive style.

Andy Couldrick  
Chief Executive

### 00.0 Schools Budget Financial Monitoring Report – September 2015

#### Purpose of the Report

- .01 The purpose of this report is to provide details of the outturn position on the Schools Budget funded by the Dedicated Schools Grant (including EFA funding), Pupil Premium Grant and Universal Infant Free School Meal grant.

#### Suggested Action

- .02 The Forum are asked to note the contents of this report and to comment upon the new format in Appendix A

#### Update

- .03 The Final budget report presented at the March 2015 Forum showed an outturn position of (£807k) as at the end of March 2016. The forecast as at the end of July is (468k) having seen a £171k improvement since last Forum.

During July the DfE issued a revised DSG allocation table, updating Early Years and High Needs Block. The table below illustrates the estimates included in the Budget, and the impact of these revisions.

	Estimated	Actual	deficit / (surplus)
2 year olds DSG	(391)	(420)	(29)
3 & 4 year olds DSG	(6,276)	(6,329)	(53)
post 16 element 2 DSG	546	536	(10)

The DfE also issued a revised Recoupment calculation based on the conversion of Waingels to academy status as at the 1<sup>st</sup> of July 2015, adjustments made to new schools that have received Growth Funding and with the inclusion of Evendons and Oakbank in our allocation for the first time. This has increased the amount recouped to £26,274k

The material forecast movements are highlighted below.

.04	Material movements	£'000's	£'000's
	Budgeted deficit / (surplus)		-807
	Position reported at last Forum		-297
	Material movements since last forum		
	DSG adjustments as above	-92	
	Staff saving Support for inclusion	-15	
	BAU staff saving	-11	
	Saving on OOB placement	-53	
	Forecasted Carry forward deficit/ (surplus) to 16/17		-468

**Donna Munday**  
**Schools Finance Manager, September 2015**



## Forecast position as at 31/7/15

Monitoring report		Row No.	Early Years	Primaries	Secondaries	Special / Pru	6th Form	Academies	Free schools	New Schools	Central Expenditure	Total
			£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
<b>Income</b>	DSG Funding based on Oct 14 census	1	-£6,749	-£56,162	-£10,585			-£22,693	-£1,897	-£511	-£18,017	-£116,613
	Adjustments made to DSG by DfE	2									£1,191	£1,191
	Pupil Premium	3	-£56	-£1,953	-£546	-£114					-£75	-£2,744
	PE Grant & other grants	4		-£187	-£57	-£5						-£249
	UIFSM	5		-£2,192		-£3						-£2,195
	EFA 6th Form Funding	6				-£435	-£3,191					-£3,626
	<b>Total income</b>	7	<b>-£6,805</b>	<b>-£60,494</b>	<b>-£11,188</b>	<b>-£557</b>	<b>-£3,191</b>	<b>-£22,693</b>	<b>-£1,897</b>	<b>-£511</b>	<b>-£16,901</b>	<b>-£124,236</b>
		8										
<b>Expenditure</b>	Distribution by formula	9	£ 6,620	£ 49,877	£ 12,567	£ 440	£ 3,191	£ 23,507	£ 2,064	£ 703		£ 98,969
	De-delegated funds returned to LA	10		-£1,642	-£80							-£ 1,722
	Pupil premium	11	£ 56	£ 1,953	£ 546	£ 114					£ 75	£ 2,744
	PE Grant & other grants	12		£187	£57	£5						£ 249
	UIFSM	13		£ 2,192		£ 3						£ 2,195
	EFA 6th Form Funding	14				£ 435	£ 3,191					£ 3,626
	School-specific contingencies	15									£ 251	£ 251
	NQT Induction	16									£ 32	£ 32
	Provision for pupils with SEN (including assigned resources)	17									£ 2,268	£ 2,268
	Moderating Panels	18									£ 150	£ 150
	Provision for pupils with SEN, provision not included above	19									£ 100	£ 100
	Support for inclusion	20									£ 562	£ 562
	Fees for independent schools	21									£ 5,742	£ 5,742
	SEN transport	22									£ 230	£ 230
	PRU's	23				£ 667						£ 667
	Behaviour Support Services	24				£ 321						£ 321
	Education out of school	25				£ 589						£ 589
	Support to under-performing ethnic minority groups and bilingual learners	26									£ 146	£ 146
	School admissions	27									£ 281	£ 281
	Licences/subscriptions	28									£ 259	£ 259
	Servicing of schools forums	29									£ 4	£ 4
	Staff costs - supply cover (not sickness)	30									£ 369	£ 369
	Growth Fund	31									£ 620	£ 620
	EY Contingency	32	£ 229									£ 229
	Miscellaneous (not more than 0.1% total of net SB)	33									£ 92	£ 92
	Insurance	34									£ 558	£ 558
	High Needs Block Allocations	35				£ 5,218						£ 5,218
	<b>Total Expenditure</b>	36	<b>£ 6,905</b>	<b>£ 52,567</b>	<b>£ 13,090</b>	<b>£ 7,792</b>	<b>£ 6,382</b>	<b>£ 23,507</b>	<b>£ 2,064</b>	<b>£ 703</b>	<b>£ 11,739</b>	<b>£ 124,749</b>
		37										
		38										
	Net position	39	£ 100	-£ 7,927	£ 1,902	£ 7,235	£ 3,191	£ 814	£ 167	£ 193	-£ 5,162	£ 514
		40										
	B/fwd	41	-£ 100			-£ 127					-£ 755	-£ 982
		42										
	<b>C/fwd</b>	43	<b>£ -</b>	<b>-£ 7,927</b>	<b>£ 1,902</b>	<b>£ 7,108</b>	<b>£ 3,191</b>	<b>£ 814</b>	<b>£ 167</b>	<b>£ 193</b>	<b>-£ 5,917</b>	<b>-£ 468</b>

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## SCHOOLS FORUM

### Potential Impacts upon School Budgets in 2016/17

#### **Purpose of the Report**

- 1 To highlight the potential impact on an Individual Schools Budgets for 2016/17 based on their size under a number of scenarios.

#### **Suggested Action**

- 2 The Forum is asked to note the contents of this report, and consider their dissemination to schools as an early indication of next year's budget to inform schools for planning purposes.

#### **Background**

- 3 The July Schools Forum received a presentation of a 5 year financial plan showing further cuts in funding to schools required in 2016/17 to avoid the DSG going into a deficit position. The paper included indications on what the impact might be for schools, this was an early indication requiring modelling through the EFA's APT tool. Modelling has now been undertaken through the APT tool, looking at a number of scenarios and the possible impact this could have on a school. This has provided a more accurate position, but it needs to be noted this are still very much estimates and will change as a result of feedback from the Funding Consultation, changes in pupil numbers and updated information of changes in pupil numbers between Key Stages which is unavailable at present.

The Scenarios being modelled are;

- A reduction in 2016/17 of £1.2m funding through a further cut in AWPU alongside anticipated reduction in MFG support
- Allowing for the MFG support to run its natural course with no further cuts in AWPU.
- Allowing for the MFG support to run its course over a shorter timescale by introducing a Cap.

The high level impacts from the above scenarios are presented in the revised 5 year financial plan paper.

#### **Scenario 1 – Reduction in AWPU and impact of MFG to achieve £1.2m reduction in funding**

Due to the nature of the MFG it is not possible to make a £1.2m saving in one single year as any further reduction in AWPU is automatically protected by the MFG. Therefore a reduction of £1.2m can only be achieved if a cap is in place, see scenario 3 below.

#### **Scenario 2 – All formula factors to remain consistent with 2015/16, but reduced protection from the MFG**

- 3 If the 2015/16 formula factors and rates were to remain in operation for the financial year 2016/17 and there was no change in pupil numbers; there would be an overall saving to the DSG of £880k.  
A school is protected to a maximum reduction in funding of 1.5% per pupil in each year. In 2015/16 the amount of protection provided to Schools funding was £2.2m, supporting 48 of our 61 Schools.  
Those schools protected by MFG would now see a reduction in their MFG by up to a maximum of 1.5%.  
For example, in 2015/16 a school with MFG protection of 2% would now have protection of 0.5% following the in year per pupil reduction of 1.5%. That movement represents MFG that we no longer need to fund in 2016/17. The MFG of £2.2m would be approximately £1.3m in 2016/17.

4 **Impacts**

Of the 61 schools in the borough

1. 10 would see no change to their level of funding.
2. 46 would see a reduction of between 0% and -1.5%
3. 2 would see an increase of up to 2%
4. 3 would see an increase of greater than 2%

5 **Explanation of Impact**

The majority of schools will be protected by the MFG to mitigate a reduction in the funding they will receive. However, there are some factors that the MFG cannot protect against, as it is purely looking at a year on year comparison of an average pupil rate.

For example the 3 schools that would see an increase of greater than 2% are growing schools which will be adding year groups. The level of funding received via the funding formula is deducted from any additional funding they are granted for diseconomies of scale from the Growth fund.

The 4 schools showing a greater than -1.5% reduction can be explained by looking at the number of pupils joining at KS3 compared with those leaving KS4 as well as those pupils who have been in receipt of EAL funding but have now reached the 3 year cut off point.

It is anticipated updated numbers for movements between KS3 & KS4 along with EAL will impact upon the analysis performed to reduce the number of schools with reduced per pupil funding of greater than 1.5% .

**Scenario 3 as per scenario 2 but also introducing a cap.**

- 6 Keeping the AWPU at the same rate as in 2015/16 for 2016/17 and introducing a cap would reduce the MFG further still as shown in the table below. The consistent rate would generate the £880k reduction in MFG which would be further augmented by the introduction of a cap.

MFG no Cap	£1,324,117	£1,324,117	£1,324,117
Cap	0.50%	1.00%	1.50%
MFG	£ 110,916	£ 549,588	£ 988,260
<b>Reduction in Deficit</b>	<b>£ 1,213,201</b>	<b>£ 774,530</b>	<b>£ 335,858</b>

Just as we did in the first year of the Funding Reforms; introducing a cap to redistribute funds and drive down the MFG took funds from “winners” and distributed it to “losers”.

### Impacts

- 7 Of the 61 schools in the borough introducing a cap of 0.5% would reduce the deficit by a further £1.2m over and above the £880k.

1. 1 would see no change to their level of funding.
2. 28 would see a reduction of between 0% and -1.5%
3. 32 would see an increase of up to 0.5%

Of the 61 schools in the borough introducing a cap of 1% would reduce the deficit by £0.8m over and above the £880k.

1. 26 would see a reduction of between 0% and -1.5%
2. 35 would see an increase of up to 1%

Of the 61 schools in the borough introducing a cap of 1.5% would reduce the deficit by £0.4m over and above the £880k.

1. 24 would see a reduction of between 0% and -1.5%
2. 37 would see an increase of up to 1.5%

### Approach

- 8 We are committed to supporting all schools in the borough through a continued austere period. The 5 year financial plan along with supporting information is aimed to help schools plan their future and make informed decisions.

Wokingham will continue to explore the possibilities of the above scenarios and associated risks and will hope to be able to advise in October of the preferred scenario to be adopted.

### Recommendations

That this paper continues the dialogue of future budget setting, as a collective we continue to explore other options and encourage all to take part in the Funding Consultation taking place during September. Forum is also

recommended to consider how best to disseminate this information to their clusters to further promote schools' forward planning for the next 3 to 5 years.

Proposals to take this further include:

- Governor training on managing during times of austerity
- Early indications to each school on likely budgets for 2016-17
- Identification of schools likely to be the most adversely affected, and what we can do to support these.
- References in head teachers' meetings
- An additional Bursars Briefing after the indicative budgets have been sent out in November.

Please note all above scenarios are based upon the October 14 Census data and assume that the MFG protection will continue at 1.5% and are for illustration purposes only.

**Donna Munday**  
**Schools Finance Manager**  
**September 2015**

## SCHOOLS FORUM

### Excess Balance Clawback Scheme

#### **Purpose of the Report**

- 1 Response to questions posed at the July 15<sup>th</sup> Schools Forum.

#### **Suggested Action**

- 2 Members are asked to consider and approve the recommendation below

#### **Supporting Information**

- 3 Background

We have since July 2007 operated a system whereby if a school was holding excess surplus balances which had increased in the previous three consecutive years; then a sub-committee of the Schools Forum could meet and consider if the amounts being carried forward were reasonable and within certain parameters. If considered in-appropriate then the sub-committee could clawback the schools surplus and re-distribute it to other schools in the borough.

- 4 Current position

Such system can now only be operated for maintained schools as academies and free schools have autonomy when setting their balances to be carried forward. In the last 5 years of operation no monies have been reclaimed as schools have always been able to demonstrate a specific purpose for the funds held as their carried forward balance.

Many of our neighbouring LA's have stopped this practise on the basis that it is no longer effective in the current world of school finances. Nor equitable in its application.

- 5 Proposal for future

That we no longer operate this Excess Balance Clawback Scheme

#### **Recommendation**

- 6 That we no longer operate this mechanism and reflect this in our processes and procedures – namely by amending our Scheme for Financing Schools.

Donna Munday  
Schools Finance Manager  
August 2015

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<b>Schools Forum Forward Plan 2015/16</b>
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21st	October	Results of Consultations
		SEN Alert
	Charvil	Revenue Monitoring
	Piggott	Draft Proforma submission
		Revised 5 year Plan
		De-delegation of Budgets
		Draft 2016/17 Budget

30th of October

DfE deadline for Draft Proforma submission

18th	November	Primary Strategy
		SEN Alert
		Revenue Monitoring

16th	December	Revenue monitoring
		Broadband DC
		Draft 2016/17 Budget
		LAC Funding
		Draft Proforma

20th	January	SEN Alert
	2016	Proforma Submission
		Revenue Monitoring

20th

January

DfE deadline for FINAL Proforma submission

24th	February	Revenue Monitoring
		Benchmarking

16th	March	Revenue Monitoring
		2016/17 Budget
		Revisions to Scheme for Financing Schools

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