

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	15 JANUARY 2015	AGENDA ITEM:	6
SUBJECT:	SCHOOL BLOCK & FORMULA 2014/15 & 2015/16		
SERVICE:	Education & Children's Services	WARDS:	All
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1. PURPOSE OF REPORT

- 1.1 The report notifies the Schools Forum of the 2014/15 forecast position on the Schools Block. In addition the position on headroom availability in 2015/16 is identified as is the Authority's key consideration for its use.
- 1.2 We also note the impact of the changes to the schools formula for 2015/16 and consider how any significant changes can be mitigated.

2. RECOMMENDED ACTION: TO NOTE

- 2.1 The position on the 2014-15 forecast outturn position for the schools block which is estimated as a £50k surplus overall.
- 2.2 The level of headroom on the Schools Block is £0.5m and its intended use by the Authority is to transfer this to the High Needs Block to part fund the funding gap on that block of £1.3m for 2015-16. Schools Forum is asked for its views on this proposal.
- 2.3 To further discuss any options with regard to significant losers under the 2015/16 formula and possible measures to mitigate.

3. 2014-15 SCHOOLS BLOCK BUDGET MONITORING

- 3.1 The current position on the schools budget overall is expected to be a forecast outturn of an in year £50k Surplus. Any underspend will be added to the surplus and used to offset the pressure on the high needs block.

4 2015-16 HEADROOM & PRIORITIES

- 4.1 We reported an estimate of headroom at the last meeting of £1m although we were still awaiting an announcement from the EFA on the overall level of DSG for 2015/16. The actual headroom available on the Schools Block following the settlement announcement on 18 December is just under £0.5 m as is shown in the table below. Within the table we also reconcile the difference between our initial estimate and the settlement position, giving reasons for the changes.

	£000
Estimated Headroom	1,000
Less:	
Business Rates adjustments (Including 141k increase in Katesgrove)	116
Minimum Funding Guarantee through formula changes	197
Reduction in Guaranteed Unit of Funding	124
Increase in National Copyright contracts (de-delegations report Appendix 2 refers)	50
Estimation errors / Data changes	36
TOTAL REMAINING HEADROOM	477

- 4.2 As noted on the report on the High Needs Block it is the Authority's intention to use this headroom as a transfer from the Schools Block to the High Needs Block to part fund the 2015/16 budget gap. Whilst it is the Authority's decision, we are required to consult Schools Forum on the proposal. Therefore Schools Forum is asked for its views on this proposal.
- 4.3 It may be possible to create more headroom by capping and scaling gainers under the schools formula for 2015/16. However if such a scheme were implemented the Authority would be recommending that any such headroom created would be transferred to the High Needs Block.

5 FORMULA 2015/16

- 5.1 We have populated the formula following the agreed revisions using the data provided by the EFA and have identified the main gainers and losers between years after the Minimum Funding Guarantee (MFG) has been applied. It should be noted that there may be other reasons for gains/ losses, for example changes in pupil numbers. At present the figures cannot be published until a submission is made to the EFA following this meeting and they have confirmed the figures for individual schools. However, we will be in contact with any schools affected by significant reductions to offer meetings to discuss this in more detail.
- 5.2 With regard to schools losing significant funding after MFG the only option would be to implement a voluntary transitional protection scheme similar to a scheme implemented in 2013/14 (the last change in the formula) by asking gainers to provide assistance to losers by capping and scaling gains on a voluntary basis. Schools Forum has observed reservations about the 2013/14

scheme noting that whilst assistance was given to schools with significant reductions, a number of schools gaining chose not to participate. Schools Forum is asked for its views on this area noting that such a scheme would need to be agreed at the March meeting of Schools Forum. However as in 2013/14 this could only operate on a voluntary basis.

- 5.3 An area of concern that we have identified is a marked reduction in some primary schools in the numbers of children registered for free school meals which we believe may be connected with the implementation of universal infant free school meals which may have led to a reduction in the level of registrations. The Authority will work with affected schools to ensure that this issue is being addressed to ensure that funding at those schools can be secured for future years.

6 FINALISATION OF BUDGETS

- 6.1 The EFA will require a final submission on the formula by 20 January 2014 following this meeting.
- 6.2 It is anticipated that following the final submission to the EFA, finalised budgets for 2015-16 will be with schools by early February 2015. Academies and Free Schools operate on an academic year basis and are on a separate timetable as notified by the EFA.

