

PART 1 - PUBLIC

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Decision Maker: **Schools Forum**

Date: **12 January 2012**

**TITLE: UPDATE ON 2011/12 CONTINGENCY**

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Chief Officer: Gillian Pearson, Director of Children and Young People Services

Ward: Boroughwide

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1. Reason for report

- 1.1 This report provides an update on the unallocated contingency for 2011/12 as requested by the Schools Forum.
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2. **RECOMMENDATION(S)**

- 2.1 **The Schools Forum is asked to note the information provided and to discuss any potential allocations of the unspent contingency.**

3. **COMMENTARY**

- 3.1 The Minutes of the previous Schools Forum meeting on 24 November 2011 include two items under Matters Arising – one asking for more information around the principles for distributing Standards Funds in 2010/11 and one regarding the unallocated DSG for 2011/12.
- 3.2 These two items are in fact the same thing as the Standard Funds that were held centrally in 2010/11 formed the basis of the school specific contingency (line 1.1.2 on Section 251). At the time at which the Section 251 was produced in March 2011, the contingency stood at £4,433,710, which included £2,453,260 relating to 2010/11 Standards Funds. However, as these Standards Funds no longer exist, they should not be viewed in isolation but rather the contingency should be viewed as a whole.

3.3 As with any contingency budget, the figure at the start of the year will inevitably change during the year as items of unexpected expenditure occur. Several items of expenditure have been charged to the contingency during the year, including the following examples:

- Additional funding for reception pupils £900k
- Additional funding to support insurance costs £77k
- Class size limitation funding £200k
- Retirement/redundancy funding £250k

In addition to this, funding of around £1.5m has been earmarked to cover additional spending on SEN in-year.

3.4 As a result of this, the unallocated contingency is currently sitting at around £1.5 million. There are a number of options as to what this could be used for:

- (i) allocated to schools for a specific purpose;
- (ii) held in contingency and rolled forward to 2012/13 to mitigate against priority allocations.

NB for item (i), it should be noted that there is currently no mechanism to make payments directly to academies without specific agreement from DfE.

The second option would be recommended. Funding uncertainty remains and there are continuing pressures/variables moving forward.

Strategically, unless there is a compelling case for funding to be released to priority projects, this funding is recommended to be held centrally to cover uncertainty in 2012/13.

3.5 The DfE has recognised that there is an issue regarding academies and contingency funding and has recently announced that from 2012/13 Academies LACSEG funding will include an element of the contingency based on the LA's 2011/12 Section 251. However, the funding to be recouped from the LA will be based on the 2012/13 Section 251 statement.

3.6 The Schools Forum is asked to note this information and to discuss the options outlined in paragraph 3.4.

<b>Non-Applicable Sections:</b>	Policy, Legal, Financial and Personnel Implications
Background Documents: (Access via Contact Officer)	