
Primary Schools in Financial Difficulty – Bid for Funding 2017/18

Report being considered by: Schools Forum
On: 17/07/2017
Report Author: Claire White, Ian Pearson
Item for: Decision **By:** All Primary Maintained Schools Representatives

1. Purpose of the Report

- 1.1 To summarise a bid that has been received from a school in deficit to access funding from the schools in financial difficulty de-delegated fund.

2. Recommendation(s)

- 2.1 Heads Funding Group recommends approval of the bid (subject to verification of the robustness of the deficit recovery plan), with payment being the actual redundancy costs incurred up to a maximum of £28,000.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

- 3.1 Since April 2013, local authorities have been required to delegate to all schools the contingency previously held for schools in financial difficulty. Each phase in the maintained sector then has the option to de-delegate and pool this funding, with allocations made to schools that need it. This decision is made on an annual basis.
- 3.2 Primary schools have opted to continue to de-delegate this funding in 2017/18.
- 3.3 The budget for 2017/18 is £314,650, which includes the carry forward of the unspent budget from 2016/17 of £194,670. No payments have so far been made in the current financial year.
- 3.4 The criteria agreed by the Schools' Forum for allocating this funding to schools is as follows:

If a school has a deficit budget it may be allocated additional support funding. If a school can meet the following criteria, a bid for additional funding can be made by the school to be considered by the Schools' Forum:

- 1. The school has sought and followed the advice of the Schools' Accountancy Service **prior** to going into deficit*
- 2. The school has (up to) a five year robust deficit recovery plan in place which has been discussed with and verified by the Schools' Accountancy Service.*

3. *Additional funding may be payable for one of the following exceptional unforeseen circumstances which has taken the school into deficit:*
- a) *Short term downturn in pupil numbers - to maintain current staffing structure where evidence can be provided that the numbers are likely to recover within a 2 - 3 year period and where downsizing of staff and resultant redundancy costs in order to balance the budget on a short term basis would not be an efficient use of resources.*
 - b) *Sudden permanent downturn in pupil numbers in a school causing concern (i.e. Ofsted category of notice to improve or worse – to maintain current staffing levels on a temporary basis where to reduce the staffing levels immediately in order to balance the budget would be detrimental to the recovery of standards in the short term.*
 - c) *Unforeseen sudden permanent downturn in pupil numbers –to cover staffing costs during a short term interim period whilst restructuring takes place and in order where possible to avoid redundancies (such as through natural wastage).*
 - d) *Redundancy payments, where the staffing reductions are required in order to balance the budget, but these costs will put the school further into a deficit position and taking the school longer to recover the deficit.*
 - e) *Any other one off costs incurred on recovery of the deficit, such as specialist consultancy advice/support (it was agreed by Schools’ Forum on 11th July 2016 that where West Berkshire’s Accountancy Service are engaged for such support, the cost can be charged direct to this fund without making a separate bid).*

In order to access this funding, a school will need to complete and submit an application to the WBC Schools’ Finance Manager who will arrange a panel (usually the next Heads Funding Group) to assess the application. The school will be invited to present their case in person to the panel and answer questions. The panel will also be provided with benchmarking information produced by Schools’ Accountancy (which will be shared with the school prior to the meeting). The panel will recommend the amount and duration of the financial support to Schools’ Forum for approval or not.

- 3.5 Note that the decision to be taken by Schools’ Forum is by Primary maintained school representatives only.

4. Bid from Long Lane Primary School

- 4.1 Long Lane Primary School has submitted a bid for £28,000 (out of a total deficit of £55,740) which is to cover one-off redundancy payments.
- 4.2 The school has been managing an annual reduction in pupil numbers over the last four years, mainly due to neighbouring Purley Infants becoming a primary school and hence experiencing a half form reduction in numbers at KS2. The main reason for the current deficit is that the reductions in pupil numbers were under estimated within the school’s longer term planning. Pupil numbers have gradually reduced from 270 and have now settled around 208.
- 4.3 To reflect the lower than predicted pupil numbers (and increased costs being experienced by all schools), the school is both restructuring leadership and reducing teaching assistant hours, but this in turn is incurring redundancy costs for four (experienced and high cost) teaching assistants, resulting in a higher deficit to be paid back.

- 4.4 The deficit recovery plan has not yet been reviewed in detail by WBC finance and cannot yet be verified as being robust, though the bid does meet the criterion (3d) set by the Schools' Forum.
- 4.5 Benchmarking tables for 2015/16 outturn show that although costs per pupil are average compared to schools in the South East of a similar size, the average cost of a teacher is much higher and the pupil to teacher ratio higher – issues that are being addressed by the school where it is within their control.
- 4.6 The school has previously been in deficit (2007 to 2009). A deficit budget was set in 2015/16 but this was cleared within the year through staffing reductions. The school has not, in the last five years, received additional funding for schools in financial difficulty and met all redundancy costs incurred previously.
- 4.7 The Head Teacher and School Business Manager attended Heads Funding Group on 5th July 2017 to present their bid and answer searching questions from the Group. The Group were satisfied that the school had managed its budget as best it could in the circumstances of a falling roll which was beyond its control, whilst at the same time maintaining standards. The Group were unanimous that the bid be approved.

5. Recommendation and Conclusion

- 5.1 It is recommended that the bid be approved for the actual cost of the four redundancies (as and when they occur) up to the total of the £28,000 requested. This will need to be subject to verification of the robustness of the school's deficit recovery plan by the local authority (expected by the end of July).
- 5.2 Approval of the bid will not clear the school's deficit, and they will still be required to implement the saving within their deficit recovery plan. Receipt of the funding will clear the deficit a year earlier and therefore put the school in a stronger financial position moving forward.
- 5.3 Approval of the bid will leave £286,650 in the fund; it is likely there will be other bids received during the year.