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

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**Report being considered by:** Schools Forum on 12 March 2018

**Report Author:** Claire White, Ian Pearson

**Item for:** Decision **By:** All Primary Maintained Schools Representatives

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## 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 'primary schools in financial difficulty' de-delegated fund.

## 2. Recommendation

- 2.1 Heads Funding Group has recommended approval of the bid, with payment being the full amount sought of £25,430.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	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. Two payments have so far been made in the current financial year, totalling £29,421.
- 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 11<sup>th</sup> 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 Beenham Primary School**

- 4.1 An application has been received from Beenham Primary School. It is for £25,430 out of a total current year planned deficit of £64,600, now risen to a year end forecast of £84,600. This amount is to cover the unforeseen closure costs of the After School Club which were not accounted for in the original budget.
- 4.2 The Head Teacher attended the Heads Funding Group meeting on 27<sup>th</sup> February 2018, and gave a detailed background to the closure of the club, explaining the circumstances and why the school budget has become liable for the closure costs. Several questions were asked by members of the group to clarify the position, and were satisfactorily answered.
- 4.3 The school is in deficit mainly because pupil numbers have reduced rapidly (for reasons as set out in the bid) and costs have not been reduced quickly enough to offset the reduction in income. The deficit has now increased due to being liable for the costs relating to the closure of the After School Club.
- 4.4 The school has been undertaking further work on their deficit recovery plan following the review meeting held with them in the Autumn, and the current plans

were set out in the bid. The bid meets the criterion (3d and 3e) set by the Schools' Forum.

- 4.5 2017/18 is Beenham's second year of a planned four year deficit recovery. Beenham also had a deficit in 2013/14 which was cleared in year, and the school has met all redundancy costs of restructures carried out over the last few years.
- 4.6 The school has previously received additional funding of £72,000 in March 2013 to repay a loan the school had taken out in 2009/10 for £90,000 and was unable to repay due to the significant reduction in capital allocations.

## **5. Recommendation and Conclusion**

- 5.1 The Heads Funding Group agreed unanimously to recommend that the bid be approved in full. The school are meeting all other school related redundancy costs from their budget and have limited their bid only to this particular unusual and exceptional circumstance which has increased their deficit in the current year.
- 5.2 Approval of the bid will not clear the school's deficit, and they will still be required to implement the savings in their deficit recovery plan. Receipt of the funding will help repay the deficit in the year as planned. If it is not approved this will inevitably increase the repayment period beyond five years.
- 5.3 Approval of the bid will leave £259,799 in the fund to be carried forward to the 2018/19 financial year.