
School Balances 2017/18

Report being considered by: Schools Forum on 18th June 2018

Report Author: Wendy Howells

Item for: Discussion **By:** All Maintained Schools Representatives

1. Purpose of the Report

- 1.1 This report sets out for information purposes the year end balances for all maintained schools, highlighting those schools with a deficit or significant surplus.
- 1.2 This information can also be used to identify if there are any schools whose financial management may be a cause for concern and require some support.

2. Recommendation(s)

- 2.1 To note the report and determine whether any further information needs to be requested from specific schools.

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 The Scheme for Financing Schools was amended in 2015 in relation to school balances. The claw back of excess surplus balances was removed and has been replaced with a light touch review of all balances.
- 3.2 The scheme states: “In order to control surplus balances, the authority will report the balances held by each school at the end of the financial year to the Schools’ Forum (during the Summer term), alongside the actual and planned balance for the previous three years and any other data deemed to be of relevance. The Schools’ Forum may request individual schools to provide further information and/or attend a meeting of the Heads Funding Group if the data reported raises any concerns regarding their financial management in respect of their balances”.
- 3.3 This report provides an overview of school balances as at the end of 2018/19 and highlights those schools with a deficit or significant surplus.

4. Overview of School Balances as at 31st March 2018

- 4.1 The schools’ accounts for 2017/18 have now been closed and the closing balances for each school determined.
- 4.2 Table 1 summarises the overall closing balances (all funds) of West Berkshire Maintained schools compared to the previous year (adjusted for in year academy conversions whose opening balances have been removed). A detailed breakdown per school is shown in Appendix B.

TABLE 1	As at 31 st March 2017 £'000	As at 31 st March 2018 £'000	Increase/(Decrease)	
			£'000	%
Nursery Schools	224	246	22	9.82%
Primary Schools	2,133	2,198	65	3.05%
Secondary Schools	603	480	-123	-20.40%
Special Schools	616	496	-120	-19.48%
Pupil Referral Units	495	286	-209	-42.22%
Total	4,071	3,706	-365	-8.97%

4.3 School revenue balances have continued to decrease over the last year by £365k or 9%, the greatest reduction being in PRUs but this is mainly as a result of the amalgamation of the Alternative Curriculum and the Reintegration Service into the iCollege. The overall level of balances does however continue to remain high in special schools and the PRU.

4.4 A breakdown of the 2017/18 year end balances by type of fund is set out in Table 2.

TABLE 2	Main School Budget £'000	Pupil Premium £'000	Sports Fund £'000	After School Clubs £'000	Capital £'000	Total £'000
Nursery Schools	121	0	0	5	120	246
Primary Schools	1,055	183	314	247	400	2,199
Secondary Schools	479	0	0	0	1	480
Special Schools	366	110	5	0	14	495
Pupil Referral Units	253	0	0	0	33	286
Total Balance	2,274	293	319	252	568	3,706
2016/17 Balance	2,724	324	193	227	603	4,071
Increase / (Decrease)	-450	-31	126	25	-35	-365
%	-19.90%	-31.50%	14.90%	34.30%	-43.40%	-22.80%

- 4.5 In addition to £2.9m being held in revenue balances, £252k is held in before and after school club funds and £568k in capital balances. Of the revenue balances, £293k is unspent pupil premium grant (though note that not all schools account for this separately and include within the main school budget).

5. Schools Closing in Deficit

- 5.1 Table 3 shows the financial position of schools opening and/or closing the year in deficit or who set a deficit budget for the year but closed in surplus (main school revenue budget only – most schools account for their resource units, pupil premium grant and sports fund separately). The eleven schools with a planned “licensed” deficit for the year are those shaded.

TABLE 3	Opening Balance 2017/18 £'000	Budgeted Closing Balance 2017/18 £'000	Actual Closing Balance 2017/18 £'000	Actual Variance 2017/18 £'000
Beenham	-37	-62	-65	-3
Enborne	-1	2	15	13
Hampstead Norreys	2	-2	6	8
The Ilsleys	-2	-10	-6	4
John Rankin Federation	-109	-106	-190	-84
Kintbury St Mary's	25	-22	-12	10
Lambourn	-39	9	-30	-39
Long Lane	-2	-51	-17	34
Parson's Down	16	-47	-22	25
Spurcroft	-8	-28	53	81
St Finians	-8	0	-32	-32
St Johns	-23	-50	-38	12
Stockcross	-6	6	1	-5
Sulhamstead & Ufton Nervet	-4	0	-6	-6
Welford & Wickham	-11	1	3	2
Westwood Farm Federation	-67	-99	-83	16
The Willows	-18	1	-213	-214
The Willink	-3	-147	-99	48

- 5.2 The thirteen schools closing the year in deficit have been asked to provide an explanation for the deficit and what actions they are taking; the responses received are provided in Appendix A. Eleven schools budgeted to close with a deficit and of these two schools actually closed the year with a surplus, and seven schools closed with a better deficit than planned. It is however, disappointing that seven schools closed with either a worse deficit than planned or in fact had an unplanned deficit at year end, most notably John Rankin with a closing deficit of £190k against a plan of £106k and The Willows with a closing deficit of £213k against a budgeted surplus of £1k.

- 5.3 Many of the schools with an unplanned deficit had set a budget with little or no contingency. This suggests that more in year scrutiny should be carried out on such schools.
- 5.4 Appendix B also shows the month nine forecast provided by each school and for many schools there was a significant swing between this forecast and the actual. In response to strengthening the quality of budget forecasting in schools, the Local authority is looking into a new software package as part of the accountancy buy back service. This software needs to include all the functionality required by schools before it can be rolled out and we are working with the software company to ensure that the functionality is available and tested within the next few months.

6. Schools with Significant Surpluses

- 6.1 Although the Schools' Forum has agreed to remove the claw back scheme for schools with excess surplus balances, it was agreed that information on high surplus balances would still be looked at. Appendix A also shows each school's revenue balance as a percentage of actual funding received in the year. Table 4 shows those schools with a surplus of greater than 10% of their funding in 2017/18 and shows the 2016/17 excess surplus balances for comparison.

TABLE 4	2016/17 Actual Surplus £	2017/18 Budget Surplus £	2017/18 Actual Surplus £	Percentage of Funding %	Balance in Excess of 10%
Victoria Park Nursery	64,894	15,110	86,172	16.24%	33,113
Beedon	17,380	19,410	33,762	10.44%	1,433
Cold Ash	114,161	60,010	117,621	14.84%	38,367
Garland	118,816	59,440	91,182	10.02%	183
Purley	51,302	20,570	68,166	12.25%	12,508
Chaddleworth	33,542	34,660	55,893	10.81%	4,187
Streatley	84,779	54,730	104,187	22.04%	56,908
The Castle	327,978	18,360	393,926	10.61%	22,633
iCollege Alternative Provision	393,311	106,066	253,758	13.49%	65,629

- 6.2 Nine schools have closed the year with a surplus of greater than 10% of their funding for the year compared to six schools in the previous year. It is understandable for the nursery school and PRU to operate with a larger surplus due to the volatility of their funding.
- 6.3 Table 5

Table 5 : Historic Breakdown of Schools Surplus Balances					2017/18 Year End Revenue Balance				Breakdown of 2017/18 Year End Balances			
	Closing Balance	Closing Balance	Closing Balance	Closing Balance	Closing Balance	Actual Funding	Closing Balance as Percentage of Funding	Excess Balance over 10%	Main School Budget (MSB)	Pupil Premium Grant	Sports Grant	TOTAL Revenue
	31/03/2014	31/03/2015	31/03/2016	31/03/2017	31/03/2018	2017/18						
NURSERY SCHOOLS												
Victoria Park Nursery School	50,788	52,372	63,047	64,894	86,172	530,588	16.24%	33,113	85,766	405		86,172
TOTAL NURSERY SCHOOLS	50,788	52,372	63,047	64,894	86,172	530,588	16.24%	33,113	85,766	405	0	86,172
PRIMARY SCHOOLS												
Beeton Church of England (Controlled) Primary School	2,795	14,646	18,530	17,380	33,762	323,281	10.44%	1,433	26,861	601	6,300	33,762
Cold Ash St Mark's Church of England Primary School	52,459	50,549	71,387	114,161	117,621	792,545	14.84%	38,367	100,210	10,666	6,746	117,621
Garland Junior School	27,071	53,174	132,349	118,816	91,182	909,993	10.02%	183	52,629	25,425	13,128	91,182
Purley Church of England Infant School	10,642	23,912	53,046	51,302	68,166	556,584	12.25%	12,508	38,203	11,443	18,520	68,166
Chaddleworth Shefford Federation C of E Primary School	36,993	52,521	19,077	33,542	55,893	517,061	10.81%	4,187	47,448	4,217	4,229	55,893
Streatley Church of England Voluntary Controlled School	28,884	31,866	62,691	84,779	104,187	472,791	22.04%	56,908	105,998	-815	-997	104,187
TOTAL PRIMARY SCHOOLS	158,844	226,667	357,080	419,981	470,811	3,572,255	13.18%	113,585	371,349	51,536	47,925	470,811
SPECIAL SCHOOLS												
The Castle School	185,945	288,799	445,542	327,978	393,926	3,712,932	10.61%	22,633	346,254	45,261	2,411	393,926
TOTAL SPECIAL SCHOOLS	185,945	288,799	445,542	327,978	393,926	3,712,932	10.61%	22,633	346,254	45,261	2,411	393,926
PUPIL REFERRAL UNITS												
iCollege Alternative Provision	138,762	308,908	425,361	393,311	253,758	1,881,293	13.49%	65,629	253,382		376	253,758
TOTAL PRUs	138,762	308,908	425,361	393,311	253,758	1,881,293	13.49%	65,629	253,382	0	376	253,758
TOTAL FOR ALL SCHOOLS	534,339	876,747	1,291,030	1,206,164	1,204,666	9,697,068	12.42%	234,960	1,056,751	97,203	50,713	1,204,666

7. Conclusion

7.1 Overall, balances are reducing, though not at the rate that may have been expected given that funding has not increased in line with inflation, and this suggests that schools generally are being very cautious in their use of balances. Four additional schools closed the year with unplanned deficits, which is of concern.

7.2 It should be noted that Schools' Forum may request information from any school whose balance is of concern and does not have an adequate explanation.

8. Appendices

Appendix A – Explanations from Schools with a Deficit Balance

Explanations from Schools with a Deficit Balance

Beenham

Budget: deficit of £61,870, Actual: deficit of £64,783

Reasons

- Historically the school had to set a deficit budget primarily because of a drastic fall in pupil numbers which occurred for a range of reasons.
- In addition the independent after school club had to close and because it was based on an old model, staff were paid through the school budget. The school had to meet the redundancy costs.
- In the year 2017/2018, the budget deficit target was not met because the school is awaiting a payment from the Parish Council for costs incurred as part of their responsibility for the community facilities element of the school. However this payment will be made in 2018/2019.

Actions taken to reduce the deficit in year

To address the deficit we have undertaken the following actions:

- Office restructure in 2016. Redundancy costs £6,780
- There was a re-structure of the Teaching Assistant Workforce (167 hours reduced to 83.75 hours) in 2017. Redundancy costs £22,260
- During the period from September 2015 to the end of academic year 2016/2017, the Headteacher taught on a full time basis for 4 terms out of the 6 hence reducing the overall cost of the teaching staff workforce.
- The PPA teacher resigned and was not replaced. PPA cover is now mostly provided by the Headteacher. From January 2018, all supply cover will also be provided by the headteacher.
- There was also a re-structure of 4 to 3 classes at the outset of 2017/2018
- In addition the school received a payment of £25,430 from the Schools in Financial difficulty fund which enabled them to meet the after school club redundancy costs.

Future actions to reduce the deficit

- From September 2018, further staff restructuring will take place.
- There will be a further reduction of Teaching Assistant hours. This will leave the school with just enough TA hours to support SEN pupils, deliver intervention to PP pupils and provide the legal cover required in the Foundation Stage.
- We are also undertaking a good deal of fundraising which is being used to supplement the stationery budget, school trips, repairs to the building and other smallish and ongoing housekeeping costs.
- It is important to note that pupil numbers are rising again.

The Ilsleys

Budget: deficit of £10,000 Actual: deficit of £6,496

Reasons

Actions taken in year to reduce the deficit

- The Ilsleys Primary School has now Federated with Hampstead Norreys Primary School.
- One teacher left at the end of the Autumn term, the school then took the opportunity to restructure the staffing levels between Hampstead Norreys by having one member of teaching staff working across both schools and also utilising the opportunity of having a member of staff working as an HLTA and an NQT resulted in a reduction of headcount in staff support.

- Existing contracts were reviewed and more cost effective suppliers were sourced wherever possible.
- Reductions were made in operational costs, fewer purchases for classroom materials and the new heating system installed in 2016 has resulted in increased efficiency in energy costs.
- The school also utilised funding from Friends of The Ilsleys Primary School.

Future action to reduce the deficit

- Hampstead Norreys and The Ilsleys Primary School Federation have submitted a single budget for the federation, this has a surplus for 2018/19.

John Rankin Schools

Budget: deficit of £114,960, Actual: deficit of £189,992 (federated school budget)

Reasons

Although the reported deficit is £189,992, there is a surplus of £26,903 in Fund 99 which should have been transferred before the end of the financial year, but wasn't due to change in personnel. Had this been done, the 17/18 deficit would have been £163,089.

The difference between budgeted and actual deficit is due to following overspends in 17/18:

Code/CFR	Description	Overspend/Fund	Reason
A2106	Supply Cover for teachers	£22K in Fund 22 £5K in Fund 09	Although supply cover has reduced over the last three years, we were unable to stay within our budgeted figure this year due to covering ad hoc and long term staff absences which were not coverable by insurance or our TA cover plan.
E0621 E0628	Curriculum Resources	£4K in Fund 22	Insufficient financial control.
E0672	Licences	£8K in Fund 22	Unanticipated one off licence cost.
A9410	Recruitment/Advertising	£3K in Fund 22	Higher than anticipated staff turnover.
E03	Education Support Staff	£20K in Fund 22	Pupils with additional needs joining the school.
E07	Other Staff	£6K in Fund 22	Insufficient allocation in budget
M0332	Maternity insurance	£2.5K in Fund 22	Unanticipated surplus charge from West Berkshire Council.
E0618 E0211	Photocopying	£6K in Fund 22	Lack of controls resulted in spiralling photocopying/printing use.

Actions taken in year to reduce the deficit

The financial controls that were put in place were not robust enough and did not have the desired impact. However the following cost saving exercises were implemented:

- Reduced admin costs following the admin team restructure and implementation of a single office.
- Reduced supply cover costs by Introducing TAs as first line of cover.
- Increased income from the Executive Headteacher (EHT) undertaking Ofsted and Local Authority Advisory work.

Knowing that we were not meeting our budgetary targets, further actions were taken throughout the year to reduce the deficit but these won't start to have an impact until 2018/19. Please see future actions for details.

Future action to reduce the deficit

Rather than managing the 2018/19 budget and the reducing the existing deficit as a single item, these will be treated as two discreet entities. Both will be managed, but in different ways.

Managing the 2018/19 budget

- Reduction of staff costs
 - a streamlined leadership structure
 - a reduction in Teaching Assistants (TAs)
 - cessation of additional hours claims
- Reduction of spending
 - review and renegotiation of all external suppliers and contractors
- Implementation of robust financial controls
 - set a realistic budget
 - utilise the new School Business Team (SBT) to enforce stricter financial controls
 - have protected monthly SBT meetings to monitor the financial position
 - allow justified unexpected spends, but only after re-allocating the money from somewhere else
 - share monthly summary with Resources Committee

Reducing the deficit

2018/19	-£163,089	Aim : Achieve a 20% reduction of the £163,089 deficit in 2018/19 (£33K)		-£130,089
		Cap Fund 22 income from Breakfast Club at £19K, and use the remainder to reduce the deficit	£8,000	
		Use anticipated additional Fund 99 income from running an after school club (2 terms at £10K) to reduce the deficit	£20,000	
		Use EHT's Ofsted income to reduce the deficit	£5,000	
2019/20	-£130,089	Aim : Achieve a 50% reduction of the £130,089 deficit in 2019/20 (£65K)		-£65,089
		Cap Fund 22 income from Breakfast Club at £7K, and use the remainder to reduce the deficit	£20,000	
		Use anticipated additional Fund 99 income from running an after school club (1 term at £10K and 2 terms at £15K) to reduce the deficit	£40,000	
		Use EHT's Ofsted income to reduce the deficit	£5,000	
2020/21	-£65,089	Aim : Eliminate the deficit in 2020/21 (£65K)		£911
		Cap Fund 22 income from Breakfast Club at £14K, and use the remainder to reduce the deficit	£13,000	
		Use anticipated additional Fund 99 income from running an after school club (3 terms at £15K) to reduce the deficit	£45,000	
		Use EHT's Ofsted income to reduce the deficit	£8,000	

Kintbury St Mary's

Budget: deficit of £22,240 Actual: deficit of £12,317

Reasons.

The main reason for the reduced deficit is due to staffing costs.

Actions taken to reduce the deficit in year.

- Actions taken in year was the Head Teacher working four days a week.
- UPS teacher paid an allowance for acting deputy head one day a week.
- UPS teacher left in August 2017 and was replaced with an NQT in September 2017.
- UPS 3 teacher left in December 2017 and was replaced with UPS2

Future actions to reduce the deficit

- Tendering out for contracts
- Rebalance the teacher workforce to reduce average cost
- Look at the possibility of introducing early close Friday from 19/20
- Further class mergers if practical and sensible to do so.

Lambourn

Budget: surplus of £5,887, Actual: deficit of £38,734

Reasons

The reason Lambourn CofE Primary School ended the financial year 2017/2018 in deficit was due to long term sick leave of teaching non-teaching staff.

Actions taken to reduce the deficit in year

To alleviate budget pressures during the course of the academic year we also restructured Teaching and Admin staff as well as changing the school week.

The school now closes at 1.30pm on a Friday, this alleviates the need for PPA Teachers.

Despite all of the above the school managed to reduce the closing balance by approximately £8000 from 2016/2017.

We will continue to reduce this deficit by closely monitoring our spending throughout the year.

Long Lane

Budget: surplus of £9,510, Actual: deficit of £2,341

Reasons:

We had to set a deficit budget for 2017/2018 due to our pupil numbers reducing gradually over the last 4 years because Purley Infant School became a primary school – our pupil numbers have been lower by 15 each year and are now 210 instead of 270. Although most costs were predicted during this phase of change not all higher costs and reduced funding were predicted. Our budget included high redundancy costs due to teaching assistant staff reductions/redundancies and our teaching staff are all very experienced and expensive.

Actions taken to reduce the deficit in year:

We have changed our staffing structure to remove the Deputy Headteacher non-teaching role and have replaced it with two team leaders who will be class based. We have used HLTAs for PPA cover to keep costs down. We have reduced costs by ending some contracts and buy-backs. We now have a long term let of our spare classrooms to a local pre-school group in order to generate lettings income. We also let our school to a holiday club during the school holidays to generate more income. We have also reduced costs across most budget lines including training and curriculum.

Future actions to reduce the deficit:

We have made further reductions in support staff in 2018/2019 to enable the school to submit a balanced budget. We would look at taking on an NQT if one of our teaching staff resigned.

Parson's Down

Budget: deficit of £47,450 Actual: deficit of £22,432

Reasons

A reduction in pupil numbers since 2016. The school had not forecasted what the impact of this would be from 2012 when a new top heavy leadership structure was put in place. This was not reviewed in line with pupil forecasts.

Actions taken to reduce the deficit in year

From April 2017 – all variable hours from support staff were cut. We did not replace an admin team member. The ExHT PA was reduced to 15 hours pw term time only from 25 hours full-time. Consultation to be 2FE from 2019 has taken place.

Future actions to reduce the deficit

From 2018 we will have 6 classes at the Infant school. We will work with numbers of 60 per year group. This gives us greater planning certainty. PPA from September 2018 will be covered by HLTAs. The leadership structure will consist of an ExHT and one Head of School. We will lose 2.0 fte teachers. We have planned a 4 year budget that reflects the school being housed in one building from 2021

St Finians

Budget: £0, Actual: deficit of £31,909

Reasons:

- Long-term absence required supply cover;
- Low intake in Reception year for current Year 4 (intake of 18 children, currently 15 in class);
- Increase in TA working hours to cope with a high needs class.

Actions:

- Various staff reductions
- Caretaker has taken on grounds maintenance to remove requirement for grounds maintenance company;
- Removal of IT curriculum teaching support hours;
- Increase in lettings to include Sunday Football Club.

Future:

- The 2021/22 budget is balanced;
- Possible group service contracts with Diocese (catering);
- Teacher redundancy

St John the Evangelist

Budget: surplus of £8,810, Actual: deficit of £22,724

Reasons

St Johns have been negatively impacted by long term sickness of Teaching Staff. Supply insurance covers a lot but not all of the costs of long term sickness.

We have been suffering a lower uptake of Nursery places over the last couple of years which has decreased EY funding significantly. We took the decision in 2017/18 to open our doors to 30 hours funding for the nursery to give working parents an option to leave their children with us for longer periods. This was unsuccessful, severely reducing our actual funding against budget (Budget £75,970 against Actual £54,498).

We continue, as in previous years to struggle to encourage parents to sign up for pupil premium funding, despite our Inclusions Manager's best efforts. This may be just an overall reduction in eligible families; however the decrease could also be due to the introduction of UIFSM.

Various pupil additional needs costs.

Actions to reduce the deficit in year

We ended the 2017/18 further ahead on deficit recovery than we had budgeted (Budget £50,110 deficit against actual of £37,759), despite the unsuccessful introduction of 30 hours Nursery Provision severely reducing our actual funding income against budget (Budget £75,970 against Actual £54,498). The decision has been taken quickly to stop this offering for future years and so the 30 hours is stopping at the end of the Summer Term 2018.

In order to achieve this level of recovery during 2017/18 we have reduced the use of Supply teachers; covering where possible with HLTAs and through using the SLT. Where Supply teaching has had to be used we have capped the amount chargeable to TMS6 and where possible used Supply teaching staff that command a lower rate of pay.

We have changed our suppliers for catering supplies and made huge savings in order to reduce the catering deficit in year and ensure that we keep our catering function going forward. We have not fully replaced the kitchen assistant that left during the Spring Term 2018 (10 hours employed instead of the previous 15 hours).

We have reduced spend on premises staff through employing only 2 new cleaners to replace 3 that left, also during the Spring Term 2018. Premises expenditure has been reduced to what is absolutely necessary during the year.

Educational supplies have been reduced to what is absolutely necessary to ensure core teaching is still achieved and we have been topped up by the Friends of the school providing classroom donations of £100 per class per term.

Unfortunately we have set the 2018/19 budget with an in year deficit of £8,250, despite our efforts (Cumulative Deficit at end of 2018/19 £46,010). This would not have been the case had we not lost the West Berkshire Council Supply Insurance Scheme that closed 31/3/18. Whilst we have received confirmation from Insurance that ongoing claims will be met, this is '**subject to funds being available**'. Due to this uncertainty we have budgeted to suffer the full cost of the long term sickness until its expected conclusion in December 2018. As previously noted, this member of staff is being managed through a HR and Head led Sickness Absence procedure.

Future actions to reduce the deficit

Further to the actions put in place during 2017/18 to reduce the deficit; during 2018/19 the SLT will be taking on further teaching responsibility. In the short term this allows us to cover the long term sick without using supply teachers. The Head will absorb the SENCO role and the school will employ a 0.44 FTE fixed term TMS6 (maximum) teacher to cover maternity leave. Teaching assistants are reduced to Core Hours from September 2018. HLTAs will take on 2/3 of Supply Teaching responsibility.

Nursery places are assumed to be at least at a minimum to breakeven against the costs of Teacher and Nursery Nurse. The decision will be made at Finance Committee May 2018 to close the nursery if minimum numbers are not reached and reviewed again in May 2019 if we remain open for 2018/19 academic year.

During 2019/20 it is expected that there will be reduced leadership costs. The governors have a working party to discover the school's options.

It has been suggested that by taking a catering supplier on and replacing our in house catering function that we would save money. At this moment the catering costs against the funding we expect to receive leaves us with a small deficit, however the costs that push us into deficit for this

function are Equipment Maintenance costs which we would suffer anyhow and thus the decision has been made for the time being that we will keep our Catering function and continue to monitor it closely and find further cost savings where we can.

Sulhamstead & Ufton Nervet

Budget: surplus £340, Actual: deficit of £5,514

Reasons

- A new Headteacher was recruited to start in September 2017. There was no provision in the budget to employ a SENCo as this role had been previously undertaken by the Head teacher role.
- Our teaching FTE did not reduce by 0.2 (budgeted to change in September).
- Long-term teacher sickness absence and SENCo support cover resulted in an overspend in the supply budget.
- The SEN funding application anticipated in the budget was turned down.
- Additional fundraising/donations received were below the budget forecast.

Actions taken to reduce the deficit in year

- The Headteacher covered part of the long-term sickness absence to reduce supply costs.
- Non-essential building maintenance and repairs not undertaken.
- Curriculum equipment purchased from school association fundraising.

Future actions to reduce the deficit

- We reported the projected deficit to the LA and a deficit support meeting took place with West Berkshire's Schools Accountancy team took place on 29th January 2018.
- Action has been taken by the Senior Leadership Team and Governing Board to explore additional funding streams as discussed at the Schools Accountancy support meeting. A Strategy group has been formed, meeting regularly to consider the school's future options.
- Headteacher to take on SENCo role.
- Staffing structure is reviewed regularly and costs are considered when recruiting new staff.

Westwood Farm Schools

Budget: deficit of £99,370 Actual: deficit of £82,753 (federated school budget)

Reasons

The deficit arose as a result of unplanned compromise agreements paid to two senior leaders at the schools in 2016.

A deficit budget plan was set in 2016/7 and the schools continue their progress as set out in that plan towards recovery.

Actions taken in year to reduce the deficit

- Reduction of one Head of School post;
- PPA teachers have left or moved to class teaching positions;
- Continued use of HLTA and SLT to provide cover to avoid supply costs;
- Administrative and support staff restructure with 4 voluntary redundancies and reduction in admin hours
- A number of support staff moving core and flexible contracts (fixed-term contracts ended and control over any future fixed contracts);
- Review and rationalisation of service contracts.

Future actions to reduce the deficit

- Continued review of service contracts with review of meals and photocopying contracts ongoing;
- Service level agreements review resulting in savings in 2018/19 and 2019/20;

- Nursery staffing re-structure proposal ongoing, deletion of Nursery teacher post with effect from 31st August 2018.

The school remains on target to recover from deficit within the agreed 5 year plan and the Junior School moved from 'Requires Improvement' to 'Good' Ofsted rating in March 2017.

The Willows

Budget: surplus of £620, Actual: deficit of £17,826

Reasons

The school had a change of leadership and when the Interim Executive Head requested a finance breakdown, it was discovered that we had a predicted £250,000 deficit, from a predicted £53,000 deficit from Period 9 monitoring. It became apparent that there had been a lack of financial monitoring at the school. The budget set was very tight and made assumptions about generated income from the previous EHT that did not materialise.

The school also had to cover costs for the change in leadership. This also included paying for Executive Support that was required after the school received a Formal Warning from the LA.

In year actions to reduce the deficit

When the deficit became evident, we reduced expenditure as much as we could and offered support staff the option to not attend on INSET days. This led to a deficit that was first shared to the Interim Executive Head being smaller at year end.

Future actions to reduce the deficit

A budget has been created to request a licenced deficit. Staffing has been scrutinised and redundancies planned. We have also reviewed many practices at the school and have made significant savings by doing so, although many of these are only able to be implemented in the new academic year.

The school will also be requesting assistance from the Schools in Financial Difficulty Fund as it meets the set criteria.

The school has potential to return to surplus in 3 years, with assistance from the fund or 4 years without the support.

The Willink

Budget: deficit of £147,488, Actual: deficit of £98,684

Reasons

The school has been impacted by a reduction of income of £145,583 due to the following factors:

- Sixth form funding is based on the number of year 12 and year 13 students recorded in the October census of the previous academic year. The October 2016 census data showed 157 students, a drop of 17 students compared to the census in 2015. Therefore, there was a reduction (lagged funding) in sixth form income in 2017/18 by £94,583. (As Sixth Form funding is academic year based there will be a further reduction by £23,183 in 2018/19.)
- MoD grant (£51k) previously available in 2015/16 and 2016/17 stopped in 2017/18
- Staff costs have also risen due to increase in on-costs and pay rises; government funding has not kept in line. However, this is not unique to the Willink.

Actions taken in year to reduce the deficit

As part of the planning process for the 2017/18 budget the new chair of finance, new chair of governors together with senior leaders identified that the budget significantly worsened beyond 2017/18 without significant structural savings. So, from Dec 2016 to date, governors have worked closely with the HT to understand how the school has reached this financial position and to identify required savings. The work looked at four areas: teaching and leadership costs; non-teaching staff, other costs and income.

1. Teaching staff costs: Savings £118k better than budget due to:
 - A re-structure of SLT.

- Savings realised by middle leaders on maternity leave
 - A proportion of staff costs transferred to the Teaching School budget.
 - Reduction in PPA time to 10%.
 - External benchmarking and use of curriculum planning tools show the teaching staff structure is at optimum level.
 - The school continues to recruit teachers who can work flexibly, can offer more than one subject, and where possible and practical are NQTs to replace staff high up the pay scale. It also considers alternative arrangements e.g. the employment of a music technician replaced the budgeted post of 2nd music teacher.
2. Non-teaching staff costs – this was identified as an area for reduction in submission of 2017/18 budget plan by £37k PA by 2021/22 however progress has been too slow to address this. Two redundancies occurred in Jan 2018 however there was no significant savings in 2017/18. External support has been used to help the school move from plans to implementation and savings will begin to be realised in 2018/19.
 3. Other costs: Redundancy costs are an exceptional payment (line A9610). £42k Leisure centre costs (£27k for arrangement plus £15k on utilities) is the biggest cost and work is underway to negotiate a more cost- effective way forward. Most significant savings were found in resources (£9k) careers advice (£10k) and a deferral of buildings work until 2018/19 reduced the year end position by £13k.
 4. Income: there has been an increase in pupil numbers in lower school however the school did not qualify for a growth fund as expected in 2017/18. There will be an increased income for 2018/19. The school has seen a slight increase in income from lettings but the leisure centre uses the gym and main hall for activities so opportunity is limited. Fundraising is an area which requires capacity and investment and the school has limited amounts of both.

As a result of the focus on finances, and feedback from WB finance, senior leaders and governors have concluded that there have been weaknesses in the past management of school finances and resources, which urgently need to be addressed, including:

- The lack of robust and reliable information provided to governors on budget forecasts and monitoring.
- The school use of reserves to balance the budget for the previous 2 years to going into deficit. The use of private fund transfers as a balancing item to the main school budget – stopped in 2017/18
- The lack of planning to reduce structural costs e.g. support staff re-structure

Changes are already underway to address the above including actions as outlined in part 3.

Future plans to reduce the deficit

1. Implementation of staff re-structure (Phase 1) to ensure key support functions are managed appropriately and weaknesses addressed. Including:
 - Purchase of strategic financial planning expertise when required
 - Develop and manage finance team to ensure information is accurate and reliable for monitoring and forecasting, both for governors and WB
 - Deficit plans are reviewed and monitored to ensure savings are achieved in 2018/19 and beyond
 - Use of private funds is appropriate and in line with WB audit team recommendations

2. Support staff re-structure and redundancy programme produces savings from September 2018 (offset by redundancy costs £153k)

NB Annual increases due to increments and pay rise (as currently known) are included

Savings 2018/19	Savings 2019/20	Savings 2020/21	Savings 2021/22	Savings 2022/23
53	110	106	106	109

3. Scoping of staff re-structure (Phase 2), including the identification of further savings and ensuring the school is running in the most cost-effective way. The school has identified it needs to implement the further planned staff rationalisation in order to make the appropriate savings of £65k from 31/3/19 if all teachers receive 2%. School will continue approach of recruiting

teachers as described above and undertake an establishment review as part of the curriculum planning for 2018/19.

4. Discussions with WBC regarding the Leisure Centre are likely to reduce costs slightly in the short term; and there are plans to re-consider usage of the Leisure Centre and installation of solar panels for sustainable and cheaper energy longer term
5. Review of contracts – it has not been possible to do this on information made available to governors for 2018/19 but there is potential for savings.
6. Ensure the school has an increase of student numbers in main school intake to 203 from Sept 2018 and the Sixth Form is able to sustain 200 on roll by 2021/22
7. Plan for development of accommodation and facilities to absorb growth in student roll.
8. Remain Good or become Outstanding for Ofsted inspection.