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# Primary Schools in Financial Difficulty – Bid for Funding 2018/19

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**Report being considered by:** Schools forum 15.10.18

**Report Author:** Wendy Howells, 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(s)

- 2.1 To recommend to Schools' Forum approval of the bid, with payment being the full amount sought of £18,833.

<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 2018/19.
- 3.3 The budget for 2018/19 has been set with an initial budget of £120,020, which with Schools Forum agreement will increase to £379,120. Two bids have been received and approved to date totalling £68,219.
- 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).*
- f) *Additional Circumstance (from April 2018): Schools not currently in deficit but required to restructure to avoid going into deficit, may also make a bid for reimbursement towards their one-off redundancy costs.*

*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 Lambourn CofE Primary School**

- 4.1 An application has been received from Lambourn CofE Primary School. It is for £18,833. This amount is to cover the cost of staff restructuring and a retirement ill health payment.
- 4.2 The school had an unplanned deficit of £38,743 at the end of 2016/17 and finished 2017/18 with an unplanned deficit of £30,171k.
- 4.3 The new substantive Head was appointed in January 2017 and had inherited this position. A new School Business Manager was also appointed at the same time. The school has been undertaking a substantial amount of work to recover their position including restructuring (which has incurred the redundancy and ill health retirement cost), and ensuring all contracts have been reviewed for best value. The school did not set a deficit budget for 2018/19 in the anticipation that the reduction in costs plus a bid to the Schools in Financial Difficulty Fund due would allow them

to come out of the deficit by the end of the financial year. However, since they received the Inadequate Ofsted rating work has been underway to transfer the school to academy status, which happened on the 1<sup>st</sup> September 2018. As a result of this mid year transfer and the additional work this involved for the school it was not possible to submit the bid earlier. The bid meets the criterion (3d, e and f) set by the Schools' Forum.

- 4.4 The Head attended the Heads Funding Group meeting on the 2<sup>nd</sup> October 2018 and gave an explanation for the reasons the school went into deficit which included the redundancy/retirement costs and having to pay a teacher for longer than anticipated following a redundancy. The school had anticipated coming out of deficit in 2017/18 but due to these factors was unable to and had plans in place to reduce their deficit this year. Due to the additional costs and the timing of the school becoming an academy the deficit has not been cleared.

## **5. Recommendation and Conclusion**

- 5.1 It is recommended that the bid be approved in full since the costs have been incurred as a result of restructuring to recover an unplanned deficit and avoid further going into deficit. Further, the costs have been incurred when the school was a maintained school and has contributed to the Schools in Financial Difficulty Fund.