

TITLE OF REPORT: Options for Mainstream Schools in Financial Difficulty

Purpose of the Report

1. To bring to Schools Forum options for mainstream schools in financial difficulty.

Background

2. Following the proposal to introduce a financial difficulty procedure for all schools which is still under legal review, there has been a request to explore other options for maintained mainstream schools in financial difficulty.
3. Whilst the Schools and Early Years Finance (England) Regulations 2022, Part 2, Chapter 1, Regulation 6 states: -

The schools budget

6.—(1) The classes or descriptions of local authority expenditure specified in paragraph (2) and Schedule 2 are prescribed for the purposes of section 45A(2) of the 1998 Act and the determination of a local authority's schools budget, subject to the exceptions in regulation 7.

(2) The classes or descriptions of local authority expenditure are—

(a) expenditure on the provision and maintenance of maintained schools and on the education of pupils at maintained schools;

(b) expenditure on the education of children at independent schools, non-maintained special schools, pupil referral units, at home or in hospital, and on any other arrangements for the provision of primary and secondary education for children otherwise than at schools maintained by a local authority

4. The Schools Operational Guide 2022 to 2023 states for dedelegation:-

368: There may be different decisions for each phase. The services which may be de-delegated are:

- contingencies (including schools in financial difficulties and deficits of closing schools)

5. The Scheme for Financing Local Authority Maintained Schools statutory guidance states:-

6.7 Writing off deficits

The scheme should contain a provision which makes it clear that the local authority cannot write off the deficit balance of any school.

If a local authority wishes to give assistance towards elimination of a deficit balance this should be through the allocation of a cash sum, from the authority's schools budget; from a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by schools forum.

6. Given this mix of guidance and the ongoing legal review it has been requested that mainstream schools appetite for de-delegation for financial difficulty be assessed.
7. In order to assess this some modelling has been undertaken using the 2022/23 authority proforma tool (APT). To ensure that the modelling would be realistic for 2023/24 financial year all catholic primary schools were updated as if they had converted to an academy to ensure that the pupil numbers for de-delegation would be more representative of maintained mainstream schools for 2023/24.
8. Current deficits as of 31 March 2022 are £1.14m, projected to increase to £2.95m for March 2023 without the impact of additional funding and deficit recovery process factored in, therefore modelling has been undertaken looking to de-delegate approx. £1m.
9. To have a financial difficulties fund of approximately £1.m de-delegation would need to be around £95 per pupil. The amounts of estimated de-delegation are based on October 2022 census information. Schools would de-delegate between £8,550 for the smallest school to £39,615 for the largest primary school. If this de-delegation had been implemented for financial year 2021/22 it is estimated that it would have put one additional school into a deficit position. The outcomes of the de-delegation calculation are in Appendix 1.

Proposal

10. It is proposed that Schools Forum notes the content of the report and mainstream maintained school representatives seek the views of their sector.

Recommendations

11. It is recommended that Schools Forum seeks the views of mainstream maintained schools on the option to de-delegated funding for a financial difficulty fund to assist schools in a deficit situation.

For the following reasons: -

- To provide options for mainstream maintained schools in financial difficulty.

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Appendix 1

School Name	Basic Entitlement
Barley Mow Primary School	£13,775
Bede Community Primary School	£17,195
Bill Quay Primary School	£20,235
Birtley East Community Primary School	£17,575
Blaydon West Primary School	£16,910
Brandling Primary School	£17,195
Brighton Avenue Primary School	£27,835
Caedmon Community Primary School	£19,950
Carr Hill Community Primary School	£28,025
Chopwell Primary School	£16,150
Clover Hill Community Primary School	£19,475
Colegate Community Primary School	£13,585
Crookhill Community Primary School	£17,765
Dunston Hill Community Primary School	£35,910
Emmaville Primary School	£39,425
Falla Park Community Primary School	£17,290
Fell Dyke Community Primary School	£24,510
Fellside Community Primary School	£19,855
Front Street Community Primary School	£37,620
Glynwood Community Primary School	£38,095
Greenside Primary School	£16,245
Harlow Green Community Primary School	£34,580
High Spen Primary School	£15,675
Highfield Community Primary School	£10,830
Kells Lane Primary School	£39,615
Kelvin Grove Community Primary School	£31,255
Larkspur Community Primary School	£11,495
Lingey House Primary School	£37,715
Lobley Hill Primary School	£31,065
Oakfield Infant School	£15,580
Oakfield Junior School	£22,610
Parkhead Community Primary School	£26,505
Portobello Primary School	£18,050
Ravensworth Terrace Primary School	£33,250
Roman Road Primary School	£18,525
Rowlands Gill Community Primary School	£18,525
Ryton Community Infant School	£8,550
Ryton Junior School	£12,825
South Street Community Primary School	£21,090
St Aidan's Church of England Primary School	£18,715
Swalwell Primary School	£10,925
The Drive Community Primary School	£16,910
Wardley Primary School	£21,090
Washingwell Community Primary School	£15,485
Whickham Parochial Church of England Primary School	£19,665
White Mere Community Primary School	£13,585
Windy Nook Primary School	£27,645
Winlaton West Lane Community Primary School	£32,775
Total	£1,059,155