

LICENCED DEFICITS AND SCHOOLS IN FINANCIAL DIFFICULTY PAYMENTS

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1. Purpose

- 1.1 To inform the Schools Forum of school budget plans for 2010/11 and the schools that are requesting licensed deficits.
- 1.2 To agree the criteria for allocating the schools in financial difficulty budget.
- 1.3 To consider an allocation to Merebrook Infant School out of the schools in financial difficulty budget.

2. Recommendations

- 2.1. That the position in relation to schools' 2010/11 budget plans be noted.
- 2.2 That any comments on the requests for licensed deficits for the following schools be circulated at the relevant delegated decision meeting:-
 - Merebrook Infant School
 - Radcliffe Secondary School
- 2.3 That the criteria for allocating the schools in financial difficulty budget be agreed.
- 2.4 That the following distribution be made from the contingency to support schools in financial difficulty:
 - Merebrook Infant School - £31,000

3. Background

- 3.1. Schools are required to submit budget plans to the authority by 1st May each year. Annex A sets out the dates of receipt of those plans and which schools met the deadline. Last year 20 schools failed to meet the deadline compared to 10 this year. By the time of sending out this report all schools had submitted their budget plans.
- 3.2. When plans are received from schools they are checked for reasonableness, in particular ensuring that opening balances in 2010/11 are consistent with closing balances in 2009/10. As a number of schools submit their original budgets before final confirmation of the 2009/10 year end balances, there is often a need to submit a revised budget shortly thereafter.

- 3.3 There are two schools that have submitted budget plans indicating the need for a licensed deficit. Section 4.10 of the Scheme for Financing Schools sets out the terms upon which schools may set a deficit budget. Any licensed deficit requires the approval of the Local Authority along with a plan over three years showing how the financial position will be recovered.

4. Licensed Deficits

- 4.1 Set out below are the reasons for the licensed deficits:

Merebrook Infant

- 4.2 The staffing issues reported to last year's Schools Forum have, unfortunately, persisted for the whole of 2009/2010. The issues are now resolved but, as a result, the school has incurred extra staffing and other costs of £67,000. During 2009/2010 the school received £30,000 of additional funding from the authority but it has still left them facing a predicted £31,000 deficit in March 2011.
- 4.3 The school has submitted a request for £31,000 of one off funding from the 'schools in financial difficulty' budget. If this bid is successful then the school will be able to balance its budget.

Radcliffe

- 4.4 The problems facing Radcliffe School are well documented and the school has been in deficit for a number of years. A delegated decision taken in August 2009 approved an increase in the licensed deficit to £970,779. The school is now out of special measures and its pupil numbers are increasing. It ended 2009/2010 with a lower than expected deficit of £906,711 and is hopeful of reducing it further to £886k by March 2011. A three year plan recently submitted shows a significant reduction of the deficit over that period. It is still possible that the proposed sale of land could proceed which would enable the school to clear its indebtedness and to return to a surplus position.

5. Schools in Financial Difficulty

- 5.1 For 2010/11 the Schools Forum had set aside the sum of £134k within the Schools Budget to enable support to be provided to schools in financial difficulty.
- 5.2 In order to provide structure and clarity to the process of applying for and allocating these funds it is proposed to introduce a set of criteria, these are attached at Annex B.

Merebrook Infant

- 5.3 As set out in 4.2 above Merebrook Infant School is recovering from two years of unforeseen staffing issues and it is proposed that a sum of £31,000 is allocated to the school from the Schools in Financial Difficulty budget.