

Dudley Schools Forum - 16th December 2014

Report of the Interim Director of Children's Services

Schools With Licensed Deficit Arrangements

Purpose of Report

1. To inform Schools Forum of the latest financial monitoring position for the Coseley School.

Budget Working Group Discussed

2. Yes – 10th December 2014.

Schools Forum Role and Responsibilities

3. From 1st April 2006, the Schools Budget has been funded by a direct Department for Education (DfE) grant: the Dedicated School Grant (DSG).
4. Schools Forum is the 'guardian' of the local Schools Budget, and its distribution among schools and other bodies, and therefore must be closely involved throughout the development process.
5. Schools Forum approved the latest Dudley's Scheme for Financing Schools on 23rd September 2014. This document includes Planning for Deficit Budgets at paragraph 4.5 and the process to be followed by a Dudley school when applying for a Licensed Deficit is detailed at paragraph 4.9.2.

Action for Schools Forum

6. To note the latest financial position in respect of the Coseley School who have a licensed deficit arrangement in place for the 2014/15 financial year.

Attachments to Report

7. Appendix A - Schools causing concern. DfE Statutory guidance for local authorities issued May 2014

Karen Cocker
Children's Services Finance Manager
2nd December 2014

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Purpose of Report

1. To inform Schools Forum of the latest financial monitoring position for the Coseley School.

Background

2. The Coseley secondary school has foundation school status and is part of the Coseley Co-operative Learning Trust. In 2012 the School was placed into a "special measures" Ofsted category at which time the local authority put in place an Interim Executive Board to replace the existing Governing Body. The School were moved from a "special measures" category to "requiring improvement" in the spring term 2014.
3. From September 2014, the School's Interim Executive Board has been replaced by a Governing Body.

Coseley School Licensed Deficit Approval

4. At the meeting on 23rd September 2014, Schools Forum was advised of the latest position regarding the School's licensed deficit application which had been approved in July 2014 for the current financial year.
5. Approval of the licensed deficit was required by the local authority (Director of Children's Services and the Treasurer), the Cabinet Member for Children's Services and Lifelong Learning and the Chair of Schools Forum.
6. A licensed deficit is funded against the collective surplus of school balances held by the local authority on behalf of all maintained schools and therefore Schools Forum must be advised and updated on behalf of all schools in the local authority.
7. The licensed deficit application for 2014/15 is for £283,480 to include £59,064 brought forward from 2013/14. This is repayable over a five year period.
8. Following the approval of the licensed deficit, the School set a balanced budget for 2014/15 in July 2014.
9. The School have recently undertaken a staffing restructure in order to address the current budget issues and this is now in place for January 2015.

10. It was agreed that regular monitoring updates would be presented to Schools Forum to provide reassurances that the School are proceeding according to their financial plan.

2014/15 Financial Monitoring

11. In line with the licensed deficit application, the School are providing monthly income and expenditure budget monitoring information to the local authority in addition to the standard quarterly financial monitoring returns which must be signed by the Acting Headteacher and the Chair of the Governing Body. At September 2014, the School were forecasting the 2014/15 budget position to be on target.

12. However, at 31st October the School is now projecting an overspending position of £42,000; this is in addition to the licensed deficit of £283,480.

13. The school have subsequently confirmed that it is the intention of the Governing Body to recover this projected overspend during 2014/15 from additional savings to be made within school during the remaining five months of the current financial year. However a revised quarterly financial monitoring return signed by both the Headteacher and Chair of Governors containing specific detail confirming how the planned savings will be achieved is still awaited.

14. The options available to a local authority in respect of a school who is unable to maintain a balanced in year budget despite already having an approved licensed deficit in place are as follows:

a. DfE Schools Causing Concern statutory guidance for maintained schools.

The guidance, attached at Appendix A, covers “schools causing concern” (within the meaning of section 44 of the Education Act 2005) that are “eligible for intervention” (within the meaning of Part 4 of the 2006 Act), but also other maintained schools about which the local authority and/or the Secretary of State have serious concerns which need tackling.

Under this guidance a local authority may:

- Issue a warning notice.

For the purpose of the DfE guidance Section 3 advises that a “warning notice” is one that is issued to the governing body of a maintained school by the local authority where one or more of the grounds in section 60(2)(a-c) are satisfied:

- unacceptably low standards of performance of pupils;
- serious breakdown in the way the school is managed or governed that is prejudicing (or likely to prejudice) standards of performance (this could include where there is evidence of very poor financial management); and/or
- safety of pupils or staff of the school is threatened.

- Withdraw the delegated budget facility from the Governing Body in line with Dudley’s Scheme of Financing Schools.

Section 4 of the DfE guidance outlines the local authority’s powers of intervention. Section 66 of the 2006 Act enables a local authority to suspend the governing body’s right to a delegated budget by giving the governing body of the school notice in writing. This applies where a maintained school is

eligible for intervention and the school has a delegated budget within the meaning of Part 2 of the School Standards and Framework Act 1998.

- b. Increase the licensed deficit arrangement, if appropriate and approved by all relevant parties, including the Chair of Schools Forum.
 - c. Fund the deficit from the de-delegated specific contingency, if funds are available.
15. Huw Powell, the Acting Assistant Director for Education Services, is working with the School to support leadership and management and the Interim Director of Children's Services is considering options for the School in the longer term.

Finance

16. The funding of schools is prescribed by the Department for Education (DfE) through the School and Early Years Finance (England) Regulations 2013.
17. Schools Forums are regulated by the regulated by the Schools Forums (England) Regulations 2012.
18. From 1st April 2006, the Schools Budget has been funded by a direct grant; Dedicated School Grant (DSG).

Law


19. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

Equality Impact

20. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

Recommendation

21. Schools Forum to note the current financial position in respect of The Coseley School and the options available to the Local authority.



Pauline Sharratt
Interim Director of Children's Services

Contact Officer: Karen Cocker, Children's Services Finance Manager
Karen.cocker@dudley.gov.uk Tel: 01384 815382