

MUNICIPAL YEAR 2018/2019 REPORT NO. 2

MEETING TITLE AND DATE:

Schools Forum – 9 May 2018

REPORT OF:

Director of Children's Services

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Item: 5b

Subject:

Schools Financial Support Fund

Wards: All

1. EXECUTIVE SUMMARY

The Schools Forum maintained schools' representatives agreed to de-delegate money from the Schools Block of the Dedicated Schools Grant to support schools in financial difficulties. This report sets out the purpose of the Schools' Financial Support Fund and proposes the terms of reference and the criteria for the use of the fund.

2. RECOMMENDATIONS

The Schools Forum maintained schools' representatives are asked to consider the contents of this report and approve the proposals for use and allocation of the School Financial Support Fund.

3. BACKGROUND

- 3.1 At the January meeting, the Schools Forum maintained schools' representatives agreed for a sum to be de-delegated to support schools in financial difficulties. For 2018/19, £4.31 per pupil was de-delegated from mainstream schools and this amounted to a total of £150,140. During the discussions for setting up this Fund, the Forum maintained schools' representatives asked that options be provided for them to consider and agree on the use of the Fund. It was also requested that the draft terms of reference be provided.

This report sets out options for use of the Schools' Financial Support Fund and revised terms of reference to support these options.

- 3.2 The rest of this report details how the planned spend will be used to commission places and develop new provision.

4 PROPOSED USE FOR THE SCHOOLS' FINANCIAL SUPPORT FUND

4.1 Previous Support for Schools in Financial Difficulties

In 2014/15, the Schools Forum agreed for a sum to be set aside for schools experiencing financial difficulties due to falling pupil roll.

Previously, the arrangements for use and approving any funding required the school seeking support to submit a business case with the information:

- pupil numbers changes;
- budgetary position;
- staffing pressures;
- impact on the delivery of the curriculum;
- addressing Ofsted outcomes;
- issues related to the building or other assets, e.g. ICT
- links with feeder schools to support transition

- what financial support is required
- how the financial support will be used
- what outcomes are anticipated from the support

The requests were then considered by a Panel consisting of Schools Forum maintained school representatives. The criteria to support these requests included whether:

- the financial difficulties experienced by the School were due to: to a significant drop in pupil roll;
- the one-off support requested will help the school to resolve the immediate issues related to the financial difficulties.

The Panel agreed to fund four schools and Table 1 the financial support provided.

Table 1: Schools and Level of Financial Support

| School | Amount |
|-------------------|--------------|
| De Bohun | £104k |
| Bishop Stopford's | £200k |
| Broomfield | £200k |
| St Ignatius | £90k |
| Total | £594k |

The schools used the money to fund necessary and urgent improvements to the building environment and infrastructure. The aim of these improvements was to provide a better learning environment for existing students and to encourage potential pupils to apply to attend the school and thereby increase the number of pupils on roll. The projects funded included:

- Improvements and replacement of playground equipment;
- Improvements and redecoration of the sports hall and replacement of equipment;
- Renovation and redecoration of pupil toilets;
- Replacement and upgrading of dated ICT equipment and infrastructure to support the teaching of the curriculum;
- Replacement of worn and hazardous flooring in the main walkways and classrooms;
- Redecoration of classrooms and purchasing of resources.

Whilst the funding assisted and enabled improvements to be carried out at these schools, only one of the four schools has moved from a deficit to a balanced position. The other three schools remain in deficit due to continuing falling rolls because of the impact of new academies and free schools opening within their catchment area. Table 2 summarises the pupil numbers at the four schools.

Table 2: Change in Pupil Numbers for Schools Supported

| School | 2017 | 2016 | 2015 | 2014 |
|-------------------|------|------|------|------|
| De Bohun | 361 | 357 | 322 | 267 |
| Bishop Stopford's | 672 | 649 | 627 | 727 |
| Broomfield | 503 | 512 | 700 | 833 |
| St Ignatius | 849 | 857 | 866 | 902 |

4.2 Criteria for the Schools' Financial Support Fund

In reviewing the use of the previous funding, it is recognised that the criteria for the use of the new Schools Financial Support Fund needs updating to reflect the challenges currently facing schools and the request for support now being received from schools. The requests

currently being received for support have been narrowed down and considered against the requirements as laid down in the Scheme for Financing, and these include:

- Severance payments for compulsory or voluntary redundancy
- Premature retirement and ill health retirement
- Support to address a deficit balance which has been licensed by the Authority
- Other financial support which may be reasonably determined to fall within the scope of the Scheme, e.g. costs arising from legal action, enable restructuring due to falling pupil rolls, etc.

Previously, the areas listed would have been supported from the Education Services Grant (ESG), but since the DfE cut the ESG, there is no money available centrally to support schools experiencing unforeseen expenditure and this is now adding a further financial pressure on the individual school's budget. An example could be redundancy costs because of the need to rationalise staffing structures to remain within budget.

At the end of March 2018, the DfE published a directed revision to the Scheme for Financing. In this document, the DfE outlined parameters for supporting schools in financial difficulties and this included arrangements for charging costs to the central services schools' block or retaining a central budget from de-delegated funding from maintained schools.

It is recommended that the criteria used for the Schools' Financial Support Fund includes expenditure relating to items (listed above) as covered by the Scheme for Financing. This proposal is in line with those developed by other local authorities.

4.3 Assessing and agreeing the allocation of the Schools' Financial Support Fund

The Panel previously comprised of Schools Forum members and this worked well because it enabled a peer and independent assessment of requests for support received. It is proposed that a similar arrangement is put in place for considering requests for funding from the new Schools' Financial Support Fund.

Appendix A provides details of the proposed membership, criteria for use of the Fund and the administrative arrangements for the Panel

4.4 Eligibility for accessing the Schools' Financial Support Fund

Maintained mainstream schools provided the funding for the Schools' Financial Support Fund therefore, the use of the Fund is limited to maintained mainstream schools.

This does not have to mean that special schools and the Pupil Referral Unit will be precluded from a similar Fund. It is recommended that if the initial proposal for maintained mainstream schools is accepted, then the Local Authority will work with special schools to consider if and how special schools and the Pupil Referral Unit would be supported in similar circumstances.

- 5 The views and agreement of the Schools Forum maintained schools' members are sought on the proposals outlined in this report.

SCHOOLS FORUM – SCHOOLS’ FINANCIAL SUPPORT FUND PANEL

This paper outlines the process in respect of decisions by the Schools Forum Panel to support schools seeking financial support.

1. INTRODUCTION

With the introduction of the School Funding Reforms and the cessation of the Education Services Grant (ESG), local authorities have been required to delegate to all contingency previously held for schools in financial difficulty. Under the regulations, each phase in the maintained sector has the option of de-delegating funding to continue to have contingency to support schools in financial difficulty. The Schools Forum’s maintained school members are required to agree criteria for the allocating this funding.

On 13 December 2017, the Schools Forum school members opted to de-delegate funding in 2018/19 to create a Schools’ Financial Support Fund. The rate set for this funding was of £4.31 per pupil and based on October 2017 pupil numbers the Fund totals £150,140 for 2018/19.

The Authority cannot remove funding from an individual school’s budget, other than for purposes as set out in the Scheme for Financing Schools; this includes de-delegations agreed by Schools’ Forum, and some salaries/redundancy payments at actual cost. So, in assessing and developing the criteria for use of the Schools’ Financial Support Fund, the requirements in the Scheme for Financing were used. The Scheme states that it is the duty of each governing body (or other relevant body) to ensure that their school plans and conducts its affairs to remain solvent; apply good financial management practice and secure value for money.

This paper provides options on how the Schools’ Financial Support Fund could be used and arrangements for assessing and agreeing any requests for support.

2. PURPOSE

As the purpose of the Panel is primarily to ensure appropriate use of public funds and to consider requests from schools seeking financial support, where there are no financial difficulties and balances are sound, no contribution will be agreed.

The Panel will determine whether to offer financial support to schools, and the amount of any such support, in relation to:

- severance payments to school employees on the grounds of redundancy (including the ending of a fixed term contract because of redundancy),
- premature retirement, including ill health retirement,
- settlement agreements made to secure resignations,
- help address a deficit balance which has been licensed by the Authority.

Support for other purposes relating to unforeseen employment costs not otherwise funded by the school may also be considered at the Panel’s discretion.

The panel will not agree financial support for:

- Any illegal or unlawful decisions proposed or taken by schools to end employment.
- Any activity outside and not within the legal framework of the School’s delegated budget;
- Requests, if it determines that the school has acted unfairly or inconsistently, failed to follow agreed employment procedures and/or failed to accept and/or act upon advice given by the Authority.
- Costs arising under the community facilitates powers, which are the responsibility of the Governing Body to manage and fund without impacting on funding required to educate the pupils at the school.

In considering all requests, the Panel will ensure that any financial support agreed offers value for money and constitutes a reasonable use of public funds.

Where a school has received financial support and the funding is not used for the intended purpose or in line with any conditions attached by the Panel to provide financial support, then the school will be required to reimburse the money back into the Fund.

An annual update will be provided to the Forum on the use of the Schools Financial Support Fund and this will be used to inform the Schools Forum in their annual determination of the overall budget and contributions of individual schools for the Fund for the following year.

2. THE PANEL

The Panel will comprise of at least three representatives from the Schools Forum and will be consist of the following representatives:

- one / two Headteacher from the primary / secondary sector
- one / two Governor from the primary / secondary sector
- Director of Education

The Panel will be supported by officers from Finance and Schools Personnel Service and the Clerk to the Schools Forum.

No member of the Schools Forum who has any connection with any of the schools seeking financial support may sit on the Panel.

The Panel's role is to consider the Business Case submitted by the School seeking financial support.

3. PROCESS FOR APPLYING FOR SUPPORT

Any school seeking financial support must submit a business case on the required template and ensure it provides full information to enable the Panel to make an informed decision.

It is expected that schools will take advice from Schools Personnel Service prior to submitting a Business Case. This is to ensure that the information provided is complete, accurate and clearly sets out their case for consideration.

4. AREAS TO BE SUPPORTED

(a) Severance payments for compulsory or voluntary redundancies

Governing bodies are recommended to review their staffing structure annually to ensure that they remain fit for purpose. Where changes are required, these must be managed in accordance with the school's agreed reorganisation procedure. If there is potential for either compulsory and/or voluntary redundancies arising from the proposal, the school should submit their request for funding for severance costs to the Panel prior to starting consultation with staff and/or unions. A failure to do so may leave the school liable for any severance / capital costs arising.

The Panel will consider financial support to cover the costs of redundancy payments incurred during reorganisations of staffing driven by:

- School improvement, and/or
- The need to balance the school budget.

In considering the request, the Panel will require:

- the rationale for the changes,
- details of the proposals,
- the impact on individual staff including any redeployment opportunities available,
- an estimate of redundancy costs for each staff member potentially affected and the effective date of implementation.

The rationale should set out clearly the economical, technical and organisational reasons for the changes and include the financial impact (savings and costs), the impact on outcomes for pupils, the impact on teaching and learning, and any wider school impact anticipated.

In assessing the request, the Panel will consider if the request meets the following criteria:

- the aims of the proposals are sound and the business case is robust, compelling and will achieve the aims of the proposals;
- the impact of any previous reorganisation has been considered and the current proposals are not in conflict with achievements already made;
- the proposed changes are sustainable, or where short-term changes are proposed that future financial risks have been identified and provided for;
- alternative models, ways of working and efficiency savings have been considered;
- the school has:
 - committed to undertake the reorganisation and any terminations of employment complies with the reorganisation procedure they have adopted,
 - accepted and acted upon any advice provided by the Schools Personnel Service and will continue to do so until the reorganisation has been completed;
- the business case demonstrates good use of public funds;
- the school does not have significant revenue balances (i.e. above 8% carry forward for primary and special schools or 5% for secondary schools).

(b) Termination of Fixed Term Contracts

Fixed term contracts may be used to cover short term needs in schools. If an individual employee is eligible for a redundancy payment on the ending of their fixed term contract, due to length of service, then the Panel may consider contributing towards the redundancy costs.

The school must submit a copy of the employee's statement of terms and employment (which should include the reason for the fixed term appointment), an explanation of action taken by the school to terminate the contract and explore redeployment, and a list of current and foreseeable school vacancies, details of advice provided by Schools Personnel Service

The Panel will consider financial support if the request meets the following criteria:

- The reason for entering into a fixed term contract was sound;
- There is a fair reason in law to consider ending the fixed term contract;
- The procedure followed to end the fixed term contract has been reasonable;
- There is no scope to extend the fixed term contract;
- There are no redeployment opportunities available within the school.
- the business case demonstrates good use of public funds;
- the school does not have significant revenue balances (i.e. above 8% carry forward for primary and special schools or 5% for secondary schools).

To note:

- The Panel may only agree financial support for redundancy payments howsoever arising within the limits of the authority's current severance scheme. Any discretionary and/or enhanced severance payments offered beyond this must be met by the school.
- The school will be responsible for any payments made in lieu of contractual notice entitlement.

(c) Premature retirement and ill health retirement

Premature retirement costs, sometimes referred to as capital costs, arising from redundancies will normally be met in full by the school. The Panel has discretion to extend

financial support to include a contribution towards premature retirement costs arising from redundancies in exceptional circumstances.

Premature retirement costs will normally be met in full by the school. The Panel may consider requests to fund the additional capital costs to the pension fund because of premature retirement on efficiency grounds or as an alternative to redundancies.

The school must provide a detailed business case, which outlines the benefits and risks to the school and to the outcomes for pupils arising from the early retirement, as opposed to taking alternative action.

The Panel will consider financial support if the request meets the following criteria:

- the individual employee is eligible for early retirement;
- the proposal will deliver benefits to the school financially and/or to pupil outcomes at the school;
- the school has taken advice from the Schools Personnel Service and verified the costs of such agreement,
- the costs do not exceed any maximum amounts set in legislation by Government.

(d) Retirement due to Ill Health

The decision on whether an employee may be eligible for ill health retirement lies with the relevant pension body. **Normally all such costs generated will be met by the school.** The Panel may however consider whether to fund some of the additional costs of ill health retirement incurred by the school for support staff only, in relation to the 'tier' of ill health retirement agreed by the pension body, if the school cannot cover the full costs. The schools will be required to make some contribution towards ill health retirement costs.

The Panel will need to consider and agree the maximum amount of funding as determined with reference to the school's overall budget. The school must submit confirmation of the latest medical opinion on fitness for work, confirmation from the pension scheme of their determination that the individual is eligible for ill health retirement and a financial analysis setting out the potential costs of agreeing the request.

The Panel will consider financial support if the request meets the following criteria:

- the individual employee has been accepted for ill health retirement by the LGPS, and either
- the school does not have sufficient finances to cover the cost, or
- for the school to cover the cost would be detrimental to the outcomes for pupils in the school;
- the business case demonstrates good use of public funds;
- the school does not have significant revenue balances (i.e. above 8% carry forward for primary and special schools or 5% for secondary schools,
- the costs do not exceed any maximum amounts set in legislation by Government.

(e) Legal costs and awards

Actions taken by schools in relation to employment matters may sometimes be challenged via employment tribunal or other external legal systems. In such cases, there are costs incurred in responding to and/or defending such claims, irrespective of the potential merits of the claim, and the potential for awards to be made against the school and/or the authority should a defence fail.

The Panel will consider the financial support towards the costs of action if the request meets the following criteria:

- The school informed and took advice from the Authority in respect of the matters leading to the claim at the earliest opportunity,
- The school has accepted and acted upon advice provided by the Authority in respect of the matters leading to the claim,

- The school has provided the Authority with all requested information required to respond to and/or defend the legal action;
- the business case demonstrates good use of public funds;
- the school does not have significant revenue balances (i.e. above 8% carry forward for primary and special schools or 5% for secondary schools).

The school has accepted and acted upon advice provided by the authority in respect of responding to the legal action.

The Panel will not agree any financial support in respect of any action or inaction by the Governing Body contrary to the authority's advice and/or where advice was not accepted or where the action is outside the legal framework for the schools delegated budget.

(f) Licenced deficits

If a school moves into or predicts a budget deficit, they may seek financial support. Requests will only be considered if the school has engaged with the authority to put in place robust plans to address the deficit over a reasonable time frame. Except in exceptional circumstances, deficits should normally be repaid within three financial year. In some circumstances, schools may apply for and be granted a licensed deficit.

The Authority will not and cannot write off the deficit balance of any school. Schools may however request for financial assistance to address the deficit balance. To support their request, the school must submit with their business case a copy of their actual and projected budget, along with details of their deficit recovery plan.

The Panel will consider if financial support will enable the School to clear their deficit and achieve a balanced and sustainable position within the next three years.

Where financial support has been provided to a school and the school fails to contain the spending with the agreed deficit recovery plan, the school will be required to reimburse the financial support provided back to the Fund.

(g) Other financial support

There may be other unexpected additional costs that may arise in trying to resolve complex employee relations issues. **Such costs will normally be met by the school.**

The Panel has discretion however to consider financial support for any such issues as it deems relevant and reasonable, where there is sufficient funding available to do so. In such cases, the Panel will notify the school of the information required.

5. THE DECISION

The Panel will consider the request for financial support submitted by the school and inform all parties of their decision and the reason for their decision as soon after the meeting as possible.

6. There is no appeals process.

7. ADMINISTRATIVE ARRANGEMENTS

The Schools Forum clerk will be the administrator to the Panel and arrange for convening and sending out confirmation of the date, time and venue of the Panel hearing to Panel members and where required to the school seeking support. The administrator will also confirm arrangements for submission of written information to the Panel.

If requested by the Panel members, then the Headteacher and one Governor from the school will attend the Panel hearing to put their case in person.

The administrator will be responsible for notifying the decision of the Panel.

APPLICATION TO ACCESS THE SCHOOLS FINANCIAL SUPPORT FUND

| | |
|------------------------------------|--|
| School Name | |
| Name of Person completing the form | |

A. In accordance with the criteria set by the Schools' Forum, this School is applying for financial support to meet exceptional costs and where these costs take the school into a deficit position or will take the school longer to recover an existing deficit.

Tick box as appropriate. Note that funding is available for exceptional circumstances only, and is unlikely to be considered for circumstances outside those listed below

| | | |
|----|---|--|
| a) | SEVERANCE PAYMENTS to school employees on grounds of compulsory and voluntary redundancy (including ending a fixed term contract because of redundancy) | |
| b) | PREMATURE RETIREMENT, including ill health retirement | |
| c) | ADDRESS A DEFICIT BALANCE where a licensed agreed by the Authority | |
| d) | OTHER one off exceptional costs (specify) | |

B. What advice has been sought and provided by the Schools Personnel Service? Please give dates and details below:

C. Has the school's current three-year budget plan / deficit recovery plan been discussed with, checked and verified with the Council's Finance Team? Please give dates and details below:

D. Background to the School's Deficit Budget, please give dates and details below:

Reasons for the current/projected budget deficit:

What plans are in place/being considered to address the deficit:

E. Budget Plan attach your most current three-year budget plan to the application, which will EXCLUDE the additional funding being sought.

Please complete the table below and describe the assumptions made, staffing and pupil number projections. Note the Panel will be provided with any support information held by the Authority.

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|---------|-----------|-----------|-----------|-----------|-----------|
| | Actual | Projected | Projected | Projected | Projected | Projected |
| Total Pupil No's for funding | | | | | | |
| Management & Leadership: FTE (excluding teaching responsibilities) | | | | | | |
| Teaching Staff: FTE (including teaching responsibilities held by management & leadership) | | | | | | |
| Teaching / Learning Assistants FTE | | | | | | |
| Other Support Staff: FTE | | | | | | |
| In Year Budget Balance: (£'000) (show deficit as minus) | | | | | | |
| Cumulative Budget Balance: (£'000) (show deficit as minus) | | | | | | |
| Funding Sought (£'000) | | | | | | |
| Cumulative Budget Balance: (£'000) If funding sought is received | | | | | | |

Please describe the assumptions made for the budget plan

| |
|--|
| Please detail any known reasons for the year on year variation |
|--|

D. Funding being Sought, please give dates and details below:

| |
|--|
| Please explain why the additional funding is being sought (in relation to the box(s) ticked in part A of this form and backed up by the information provided in parts D & E) |
| Please confirm the amount of funding being sought with details of breakdown of how this has been calculated e.g. cost of the redundancy or the posts to be maintained and in which financial years |
| What will be the implication for the school if this additional funding is not provided? Please include impact on staffing and pupil outcomes. |

| | Signed | Dated |
|--------------------|--------|-------|
| Headteacher | | |
| Chair of Governors | | |

On completion, please e-mail this form and latest budget plan to Sangeeta Brown, Resources Development Manager: Sangeeta.brown@enfield.ov.uk.

The school may be invited to attend and present their application to the Schools Forum Panel, who will consider the request and make a recommendation for approval or n