

SCHOOLS DEFICIT RECOVERY SCHEME

A. LEGAL BACKGROUND

1. The provisions in this scheme are those permitted through the School Finance (England) Regulations 2008.

2. Schedule 2 of the regulations provides for planned expenditure, which may be deducted from the Schools Budget of a Local Authority (LA) in respect of: -

Paragraph 32

‘Expenditure on allocations to the Governing Body of a school in financial difficulty provided that the authority consult the Schools Forum on their arrangements for the implementation of such support.’

B. WORCESTERSHIRE COUNTY COUNCIL (WCC) PROPOSED SCHEME AND QUALIFYING CRITERIA

1. This is **not** a scheme that permits, supports, promotes or rewards weak, poor or inappropriate school financial management.

2. This scheme is designed to support particular and unique individual school circumstances. These will vary between individual schools and potential instances for consideration, although not an exhaustive list, could include supporting the financial position: -

- following a successful move out from an OFSTED category;
- if the result of former poor governance and management is seriously affecting the quality and level of education for existing and new pupils;
- to try and move a school forward where past issues were preventing this occurring.

3. In line with the permitted regulations in section A, WCC will consider allocations of funding resulting over time in the removal of the cumulative deficit balance of non-closing schools.

4. Any school, prior to any application, will be required to restructure their previous arrangements and make relevant changes as prescribed by WCC to their leadership, management and governance requirements.

5. In particular, in making the changes in paragraph B4, it is a requirement that the management structures must provide for continuing prudent financial controls for outgoing Headteachers. WCC will not consider any support for a school in financial difficulty that have occurred as a result of issues arising following a change of Headteacher e.g. through retirement, appointment to a new post, etc.

6. The qualifying period for any application is 5 years. This means that any school prior to an application must, as reported in the statutory section 52 outturn statement, have: -

- been in continuous deficit for 3 years;

then subsequently

- taken action to address the deficit position together with having an in year operating surplus for the following 2 years;

then subsequently

- take action along with LA financial support to be in surplus at the end of the next 3 years.

7. After this 8-year period the school will need to demonstrate that they will be in cumulative surplus position and be able to attain a manageable, robust and sustainable working surplus in all future years.

8. Allocations will be under an agreed matched funding arrangement including school budgetary financial contributions from the named school on an annual basis to be determined. This will be on a 50:50 basis i.e. 50% LA and 50% school over the timescales of the proposed financial support.

9. Any allocations will relate to named individual schools and will be made over more than one financial year up to a maximum of 3 years support (see paragraph B6).

10. Relevant allocations will be made subject to the individual school **meeting the above conditions and all the listed criteria as follows**, where: -

- the school has made relevant required changes to its leadership, management and governance arrangements as required as detailed in paragraphs B4 and B5 above;
- the school currently meets and will meet in the future the qualifying time period and conditions as in paragraph B6 above;
- the school is not subject of a 'Notice of Concern' in respect of financial management issues as detailed within the WCC Fair Funding Scheme for Financing Schools;
- the school meets all the mandatory requirements of the national Financial Management Standard in Schools (FMSiS);
- the school has demonstrated relevant management action on the conditions determined by WCC in the management of the cumulative deficit;

- the school can provide a Governing Body approved financial business plan covering the relevant periods agreed with WCC;
- this plan, excluding the cumulative deficit, demonstrates that the school is able to balance in year and can budget for and attain a manageable, robust and sustainable working surplus in all future years within their Total Resources Available.

11. The outcome for any qualifying school after the allocation period is over is for the school to have a workable surplus balance as defined within the Department for Children, Schools and Families (DCSF) and WCC guidelines.

12. An example of the scheme is as follows: -

Secondary School X has unique circumstances under paragraph B2 of the scheme and meets all the scheme criteria. It has total resources available of £2,750,000 and balances history

2003/04	£200,000 deficit
2004/05	£220,000 deficit (extra deficit £20,000)
2005/06	£230,000 deficit (extra deficit £10,000)
2006/07	£200,000 deficit (in year surplus £30,000)
2007/08	£180,000 deficit (in year surplus £20,000)

The cumulative deficit after 5 years is £180,000 so the LA maximum contribution over the next 3 year period is 50% i.e. £90,000.

For the cumulative deficit to reduce to nil in 3 years, as required by the scheme, will require by the end of 2010/11 a reduction of at least £180,000.

For example on an equal 50:50 agreement in each of the 3 years: -

2008/09	LA £30,000	School £30,000 *
2009/10	LA £30,000	School £30,000 *
2010/11	LA £30,000	School £30,000 *

* These are the minimum contributions required by the school to attain a manageable, robust and sustainable working surplus in all future years as required in the scheme.

C. FUNDING SOURCE

1. Any support for this scheme has to be identified and resourced from within the ring fenced Dedicated Schools Grant (DSG). It will only proceed if it can be funded from any available headroom from the **centrally retained part** of the Dedicated Schools Grant (DSG) and will come into effect from the financial year 2008/09.

2. The total provision will be identified as such on the section 52 budget statement under the relevant budget line (2008/09 line 1.1.1).

3. The availability of this total resource level will be subject to the requirements of the School Funding regulations including the national Central Expenditure Limit (CEL) calculation and will require Worcestershire Schools Forum (WSF) approval.

4. Any potential financial allocation support is not an automatic right of applying schools. It would be subject to the relevant application being approved and to budgetary availability within the DSG.

D. APPLICATION AND APPROVAL PROCESS

1. Any application will be treated and named on an individual school basis.

2. Any such schools in this position will need to make an application to the Director of Children's Services, demonstrating compliance to and addressing all the above issues. The application must be accompanied by relevant supporting evidence.

3. Any application will require the approval of the Director of Children's Services (or their nominated representative) and the WSF.

4. The timescale for decision-making under the scheme will be kept to a minimum but will depend upon the schedule of WSF meetings.

5. Schools will be informed in writing of the decision surrounding their application as soon as is practical after the relevant WSF meeting.

6. Successful applications will be notified as part of the approval process to: -

- specific individual school conditions imposed as required in respect of any financial support deemed necessary;
- details of the proposed amounts and timing of any financial allocations.

7. Support from the scheme for over more than one financial year requires schools to continue to meet the above criteria throughout the support period.

8. Unsuccessful applications will be notified as to the reason that their application was not approved.

9. The County Council reserves the right to cease or withdraw funding allocations at any time if a school ceases to meet the conditions imposed on the financial support and parameters within this scheme.

10. There is no right of appeal under the Scheme in respect of: -

- successful applications on the level of LA support agreed;

- successful applications for any changes to previously notified LA support levels or withdrawal of LA support;
- specific conditions imposed for LA support;
- for unsuccessful applications.

11. After an unsuccessful application, if in the future the criteria are met schools can re-apply to the scheme one year after their original application.

WORCESTERSHIRE COUNTY COUNCIL
DIRECTORATE OF CHILDREN'S SERVICES
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