

Schools Forum

6 November 2023

Special School in Financial Difficulty

This report is for decision

1. Recommendations:

That Schools Forum members:

- 1.1 Approve the creation of the Special School in Financial Difficulty Fund (SSFDF) to be funded from High Needs Block.
- 1.2 Approve that SSFDF will not exceed £500,000.
- 1.3 Approve that SSFDF be topped up every year if it is less than £500,000.
- 1.4 Approve the set-up of an ad-hoc working group to consider the request from a Special School and make recommendation back to the Forum.

2. Purpose

- 2.1 The purpose of the SSFDF is to support Special and AP schools showing financial difficulty.
- 2.2 The fund will work by providing cashflow support (additional fund) to Special and AP schools that the Schools Forum approves to be the case.
- 2.3 The balance of SSFDF shall not exceed £500,000 at beginning of every financial year.
- 2.4 The amount of cashflow support shall be limited to £100,000 and £150,000 for primary (including AP) and secondary schools respectively.
- 2.5 A school (or AP) can only be funded from the SSFDF once in 3 financial years.

3. Reasons for these proposal

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- 3.1 Maintained mainstream schools, through de-delegation of their schools' budget, have created a Schools in Financial Difficulty Fund.
- 3.2 This fund provides bridging support, in form of cash flows, to schools showing financial difficulties whilst they work with the local authority (LA) to overcome/mitigate the financial pressure.
- 3.3 Special Schools (both maintained and academies) have no similar support whenever there are signs of, or when they are in, financial difficulty.
- 3.4 Special Schools are exclusively funded from the High Needs Block (HNB) of the Dedicated Schools Grant (DSG).
- 3.5 The SSFDF is not a permanent financial fix for special schools (and AP) showing financial problem. But is a mechanism to provide temporary cashflow reprieve whilst these schools work with the LA and/or ESFA to overcome the problem.
- 3.6 Once a school has been considered and approved for this support, it cannot access the SSFDF for another 3 financial years.
- 3.7 Based on the last report presented to Schools Forum, the HNB is currently underspending and can afford to set-up this fund in 2023/24.
- 3.8 The fund will be topped-up every year to the £500,000 maximum (during the budget setting process). If no school has been supported in a particular year, there will be no need to top-up the fund.
- 3.9 The Schools Forum can decide at any point, to increase or reduce the size of the SSFDF fund as well as vary the maximum amount that can be paid to each phase of special school/AP as suggested in paragraph 2.4 above.
- 3.10 The Schools Forum can also decide to discontinue the use of this fund at any point in the future. This must however take account of any request that is undergoing the process of being approved.
- 3.11 The SSFDF will only be made available to those special schools (and AP) that were unsuccessful in securing support from the DfE

plans to support Academies and Maintained schools (once it becomes operational¹).

4. Process for Application and Approval

- 4.1 Schools showing financial difficulty that requires urgent cashflow support will contact the Finance team within Children's and Education department. The issue should be well known to the finance team and the request should not come as a surprise.
- 4.2 Finance team will send an application form for the school to complete. See Appendix A below for sample.
- 4.3 The finance team will thereafter present the case before Schools Forum and request that a working group be set-up to consider the request and report back to the Forum. In exceptional situation, the finance team can contact the Chair (and if they are not available the Deputy Chair) to request that the ad-hoc working group be set up ahead of the next Schools Forum meeting.
- 4.4 The ad-hoc working group will comprise of:
 - 2 or 3 members of the Schools Forum one of whom must be a special/AP head or governor.
 - 2 or 3 co-opted heads from special school/AP.
 - LA officers including one representative each from SEND, SEN finance & education finance (in attendance and to support).
- 4.5 The working group will submit its report with recommendation to the Forum.
- 4.6 The Schools Forum will thereafter approve, reject or amend the recommendation of the working group.
- 4.7 The finance team will thereafter inform the school of Schools Forum decision.

5. Request to set up Ad-hoc Working Group

- 5.1 If the above proposal is accepted. We hereby request that Schools Forum set-up an ad-hoc working group to consider the request from Orchard School.

¹ <https://www.gov.uk/government/publications/additional-support-for-schools-in-financial-difficulty-in-2023-to-2024#:~:text=Details,themselves%20in%20particular%20financial%20difficulties.>

- 5.2 The working group composition should be in accordance with the suggested process in section 4 above.

Elaine Taylor, Finance Business Partner – Children’s Services

Date: 06/11/2023

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SCHOOLS FORUM: Funding Support Application Form for Special School in Financial Difficulty

School Name	
Chair of Governors	
Chair of GB Finance	
Chair of GB Staffing	
Overview of reasons why the school is applying for support	
Final outturn Previous financial year.	
Budget In-year deficit Current financial year	
List actions already undertaken in current and previous years to reduce in-year deficit (produce on a separate sheet if helpful)	
Will school return to surplus/balanced position within 3 years? (Yes/No)	
If yes. List further action and savings required to return to a balanced budget position within three years	

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If no. What actions/opportunities is being explored by school to reduce deficit and/or generate surplus?	
Have the school applied to use DfE/ESFA support for Schools in Financial Difficulty (if yes, please include outcome of that request)	
Funding Support Requested (Amount £)	
How will the support funding be used and what will be the impact of the funding?	

Information required to be attached to this request form

- The school budget summary of expenditure for the current financial year.
- The school budget summary expenditure plan for next financial year.
- Staffing structure chart showing all posts and any affected by any proposed restructuring plans
- The full deficit recovery plan signed by Chair of Governing Body and agreed by Finance officers.
- Request for support from DfE/ESFA and outcome.

Process

- School to financially manage in year deficit to best of their ability leading up to financial close down including using all financial reserves available from previous years
- School to contact Council Finance Department and work together to agree a deficit recovery plan
- School to contact HR and agree restructuring plans (if this is required)
- Once end of year closedown figures have been finalised and the deficit recovery plan is agreed the school can apply to Schools Forum for Financial assistance.

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- An ad-hoc working group of the Schools Forum will review the submission and make a recommendation to Schools Forum.
- Schools Forum votes on the recommendation from the working group at the next available meeting.
- Schools which are successful in their bid to School Forum will receive funding as agreed to support their recovery plan.

Schools Forum: Working group representatives

- 2 or 3 members of the Schools Forum one of which must be a Special School Head/Governor.
- 2 or 3 co-opted heads from special school/AP.
- LA Finance Officer/SEN Finance Officer
- LA School Improvement Officer
- LA ILS/SEND representative
- Democratic Services support or someone to clerk the meeting

The working group may request attendance from the school (finance officer and/or leadership team) to represent it and present the case for support funding.

FOR SCHOOL FORUM USE -----

School Forum Assurances Questions

Has all information been submitted as required? Yes/No

Comment:

Has the school taken sufficient steps in year to manage their in-year deficit? Yes/No

Comment:

Are plans to reduce expenditure in the future robust and will they deliver the required savings to achieve a balanced budget within 3 financial years? Yes/No

Comment:

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Is the proposed use of the support funding a reasonable and prudent use of resource? Yes/No

Comment:

Working group recommendation

N.B. A Yes recommendation can only be given where the bid has met all four criteria.

Recommend bid: YES/NO Amount _____

Comment:

Chair of Working Group _____

Date: _____