

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR YOUNG PEOPLE**

**4 September 2018**

**Joint Report of the Strategic Director for Children's Services  
and the Director of Finance & ICT**

**SCHOOL BUDGETS: DEFICIT BALANCES AND RECOVERY PLANS BRINGING  
BUDGETS INTO BALANCE OVER MORE THAN ONE FINANCIAL YEAR**

**1. Purpose of Report**

To seek approval to requests from governing bodies of schools with budget deficits to implement budget plans in order to repay the deficits over more than one year, and to report on the schools which have still to agree a deficit recovery plan.

**2. Information and Analysis**

Section 4.9 of "The Derbyshire Scheme for Financing Schools" provides that a governing body unable to prepare a balanced budget may make a formal request to the Cabinet Member for Young People to implement a plan to bring school's budget into balance over more than one year. Cabinet Member approval is required where a school plans to operate a deficit exceeding:

- Nursery/primary/special schools  
**BOTH 3% of the budget share AND £10,000**
- Secondary schools  
**EITHER 3% of the budget share OR £150,000**

Before making such a request, the school must demonstrate to officers from Children's Services and Corporate Finance that all other options have been exhausted. Approval to repay a deficit is normally only allowed over a maximum of three years. However, additional years may be granted if, in the opinion of the Strategic Director for Children's Services, the school's ability to deliver the national curriculum would otherwise be seriously jeopardised and that no other reasonable course of action is available.

The estimated balances and pupil numbers of the schools included in this report are included in Appendix 1.

**2.1 Requests to balance the budget over more than one year**

Two-year budget plan:

- Wirksworth Junior

Three-year budget plans:

- Anthony Gell Secondary
- Fairmeadows Foundation Primary
- Charlesworth Primary
- Coton in the Elms CE Controlled Primary

Four-year budget plan:

- Glossopdale Community College

## **2.2 Schools without agreed budget plans**

Despite best efforts, a small number of schools have not been able to produce plans to bring their budgets back into balance. These schools are:-

- Brookfield Primary
- Highfields School
- New Mills Secondary
- William Allitt Secondary

Of the above schools, the accumulated deficits of two, namely New Mills Secondary and Brookfield Primary, are expected to reduce. The projections for William Allitt and Matlock Highfields, however, continue to show steady increases over the medium term. More work will be needed with both of these schools to address the deficit.

All four schools are being supported by the Authority's Team Around The School (TATS) processes, and further meetings of senior LA officers are planned with the schools' governors and senior leadership teams to identify long-term financial solutions.

## **3. Financial Considerations**

The problems faced by the small number of schools above have to be seen in context. At 31<sup>st</sup> March 2018, the Authority was responsible for 342 schools, of which, only 27 reported a deficit at the end of 2017-18, ~7.9% of the total, and of these, only the four listed in section 2.2 do not as yet have an agreed recovery plan.

Against this broadly positive picture, the current school funding arrangements now present a greater financial risk to the Authority. If a school with a deficit converts to academy status, then that deficit is likely to remain with the Authority.

Extensive work takes place to help schools to avoid getting into deficit. Where a school does have financial difficulties, the need to manage these problems, and the associated risks to the LA, have to be balanced against the needs of the children currently in the school and the impact on teaching and learning of potential savings strategies.

## **4. Other Considerations**

In preparing this report, the relevance of the following factors has been considered; prevention of crime and disorder, equality and diversity, environmental, health, human resources, legal and human rights, property and transport considerations.

## **5. Background Papers**

Held in School Support Finance.

## **6. Key Decision?**

No

## **7. Officers' Recommendations**

- (i) To allow the schools detailed in section 2.1 of this report to recover their budget deficits over two to four financial years;
- (ii) To ask the Cabinet Member to note the position of the four schools in section 2.2 that are currently unable to submit a balanced budget recovery plan; and
- (iii) Require the governing bodies of the four schools in 2.2 to agree and submit plans to the Authority by the end of the current financial year, that eliminate the accumulated deficits within a timeframe acceptable to the Authority.

**Jane Parfremment - Strategic Director for Children's Services**  
**Peter Handford – Director of Finance and ICT**

## Appendix 1

### Requests to balance the budget over 2, 3 or 4 years

	Pupil Numbers		2018-19		2019-20		2020-21		2021-22	
School	Oct 2017	Oct 2018	Balance £	% of budget	Balance £	% of budget	Balance £	% of budget	Balance £	% of budget
Wirksworth Junior	146	152	-£20,220	-3.62	£454	0.08				
Anthony Gell Secondary	732	762	-£145,891	-4.23	-£103,090	-2.86	£16,408	0.45		
Fairmeadows Foundation Primary	208	205	-£125,123	-16.55	£64,613	-8.43	£17,528	2.24		
Charlesworth Primary	99	105	-£31,094	-7.00	-£30,015	-6.46	£5,224	1.03		
Coton in the Elms CE Controlled Primary	116	114	-£15,084	-3.32	-£12,103	-2.66	£4,081	0.86		
Glossopdale Community College	973	1,056	-£295,202	-5.80	-£365,510	-6.95	-£269,405	-5.00	£102,744	1.81

## Schools without agreed balanced budget plans

	Pupil Numbers		2018-19		2019-20		2020-21		2021-22	
School	Oct 2017	Oct 2018	Balance £	% of budget	Balance £	% of budget	Balance £	% of budget	Balance £	% of budget
Brookfield Primary	161	182	-£176,359	-25.06	-£145,227	-18.10	-£108,385	-13.00	-£41,867	-4.75
Highfields School	1,176	1,203	-£95,731	-1.72	-£205,099	-3.59	-£290,239	-4.99	-£328,368	-5.57
New Mills Secondary	496	503	-£740,372	-29.62	-£759,999	-29.81	-£756,331	-27.51	-£630,068	-22.01
William Allitt Secondary	756	765	-£229,933	-6.13	-£131,270	-3.46	-£188,442	-5.12	-£213,577	-5.70