

## ITEM NO: B1a

<b>DECISION-MAKER:</b>	CABINET MEMBER FOR CHILDREN'S SERVICES		
<b>SUBJECT:</b>	SCHOOLS DEFICIT BUDGETS 2009/10		
<b>DATE OF DECISION:</b>	29 JUNE 2009		
<b>REPORT OF:</b>	HEAD OF SCHOOLS STANDARDS, CHILDREN'S SERVICES AND LEARNING		
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### STATEMENT OF CONFIDENTIALITY

None

### SUMMARY

The Southampton Scheme for Financing schools, made in accordance with the Schools Standards and Framework Act 1998, makes provision for schools setting deficit budgets in accordance with Department for Children's Services and Families rules. As part of the Southampton scheme, schools can request a deficit budget for which Cabinet Member approval must be given. 7 schools have requested to set a deficit budget in 2009/10 for which Cabinet Member approval is now sought.

### RECOMMENDATIONS:

- (i) That the deficit budgets for the following schools for 2009/10 be approved:

Sinclair Primary School	£52,000
St Monica Infant School	£23,000
Townhill Infant School	£8,000
Holy Family Catholic Primary School	£65,000
Redbridge Community School	£61,000
Chamberlayne College for the Arts	£115,000
St George Catholic VA College	£145,000
<b>Total Requested</b>	<b>£469,000</b>

- (ii) That a deficit budget for Chamberlayne College for the Arts of £115,000 be approved for 2009/10 subject to production of an action plan by 3<sup>rd</sup> July 2009.

### REASONS FOR REPORT RECOMMENDATIONS

1. Approval of the recommendations will allow schools to adjust to changes in pupil numbers without making significant cuts in staffing or other costs and without detrimentally affecting standards.

## **CONSULTATION**

2. The individual schools have been consulted and discussions have taken place between the Headteacher, representatives of the Governing body, and the Head of School Standards, accompanied by officers from the Finance Team.

## **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

3. The following alternative was considered:
  - Do not allow any deficit budgets. This would have a detrimental effect on school standards and would not allow some schools time to adjust to significant changes in pupil numbers.

## **DETAIL**

4. Although pupil numbers in the City have fallen steadily in recent years, numbers are now beginning to stabilise. Pupil numbers in the primary sector have shown a small increase of 0.1% and, whilst pupil numbers in the secondary sector continue to fall, the rate of decline is much less than previously. The number of secondary school pupils fell by just under 2% compared to over 3% in the previous year. This directly affects the level of funding that schools receive in their budget share but staffing reductions may not come into effect until the start of the new school year in September 2009.
5. The Local Authority has recognised that there are capacity issues in the primary sector and that surplus places are not evenly spread across the city. These issues are being addressed in the Primary Review.
6. On average schools received a 2.2% increase in budget shares in 2009/10 compared to an estimated 2.58% increase in costs. This has placed additional pressure on schools trying to set balanced budgets.
7. Southampton City Council's Scheme for Financing Schools (approved March 2007), gives the responsible Cabinet Member the power to approve applications by schools to set a deficit budget. There are a number of conditions which have to be met:
  - the deficit for any one school should not exceed £150,000;
  - the total of the deficits approved should not exceed the value of 40% of the aggregate of surplus schools balances;
  - a deficit should not last beyond five years; and
  - the school should have a plan for moving out of deficit.
8. In each case where a school has requested a deficit budget, a meeting has taken place between the headteacher, representatives of the governing body and the Head of School Standards, accompanied by officers from the Finance Team, to explore the reasons for the deficit and options for dealing with it. Where appropriate the advice of the school's Link Inspector has been sought about the school's proposals for its staffing structure in the context of providing a curriculum suitable to the needs of its pupils.

9. Sinclair Primary School - Deficit requested £52,000  
The school ended 2008/09 with a deficit of £126,000 as anticipated savings through staff turnover were not achieved as soon as expected. The school moved to mixed age classes at the start of the Summer term and is now restructuring teaching and support staff to bring staffing numbers in line with similar schools with a single form entry. Financial monitoring within the school has improved and the governing body and head teacher have worked hard to address the financial difficulties. The school expects to move into surplus in the 2010/11 financial year.
10. St Monica Infant School – Deficit requested £23,000  
The school finished the last financial year with an unexpected deficit of £20,000 as a member of staff returned from maternity leave sooner than expected and there were high levels of sickness. To bring the school back to a balanced financial situation, temporary hour contracts have been withdrawn and other staff savings identified. The school will review the staffing structure in coming months to ensure a balanced budget in the 2010/11 financial year.
11. Townhill Infant School – Deficit requested £8,000  
Although a deficit application of £18,000 was approved for 2008/09, the school finished the year with a deficit of only £2,000 through careful financial management. They have now reviewed the way that Planning, Preparation and Assessment (PPA) time is delivered which, from September, will be covered by Learning Support Assistants rather than teaching staff. The school is also considering joint working with the Junior school. Pupil numbers have increased so that there is an extra year R class in September which will be led by teaching staff released from the review of PPA time. When these extra pupil numbers are reflected in the budget share for 2010/11, the school will be back in a balanced financial position in the 2010/11 financial year. This is a year earlier than previously expected.
12. Holy Family – Deficit requested £65,000  
The school finished the last financial year under budget, with an actual deficit of £105,000 compared to the approved deficit of £140,000. This was due to additional income for the development of Family Support and some staffing changes during the year. The school is now requesting to set a deficit budget of £65,000 for 2009/10. This is less than previously forecast and is a result of staff changes made at the start of this financial year and increasing pupil numbers. The school will return to a balanced budget in the 2011/12 financial year, a year earlier than anticipated.
13. Redbridge Community School– Deficit requested £61,000  
At the end of 2008/09 the school had an unapproved deficit of £35,000 as a result of extra costs of support staff and supplies and services. The school is expanding under the Learning Futures Review and is dealing with a number of accommodation issues as a result. The teaching structure now in place will serve the planned increase in pupils in coming years. The school has carried out a review of support staff and other areas of expenditure in order to contain costs but has asked to set a deficit budget of £61,000 for 2009/10. Staff changes are anticipated next year allowing the school to move back to

a balanced budget in the 2011/12 financial year.

14. Chamberlayne College for the Arts – Deficit requested £115,000  
The school ended 2008/09 with an unapproved deficit of £67,000 due to additional expenditure on support assistants, educational supplies and music services partially offset by additional grant income through the National Challenge programme. Pupil numbers have fallen steadily from 817 in January 2007 to 679 in January 2009 as larger Year 10 and 11 groups have moved through the school. The governing body has recruited experienced staff in order to raise standards and has asked to set a deficit budget of £115,000. Officers will work with the school to help move back to a balanced budget.
15. St George Catholic VA College – Deficit requested £145,000  
Whilst there were 423 pupils on roll in January 2009 compared to 435 in the previous year, numbers are now starting to increase such that in the new academic year in September it is anticipated that there will be over 450 on roll. The school reviewed the staffing structure last year and now feels it has the number and quality of staff to improve standards and carry the school forward. As these increased pupil numbers are reflected in the budget share in future years, the school plans to move back to a balanced budget in the 2012/13 financial year. .

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

16. None.

### **Revenue**

17. The financial implications for the individual schools are as shown in the table above. The deficits overall are funded by the total level of schools' revenue balances, £3.6m as at the end of 2008/09.

### **Property**

18. No immediate property implications have been identified as a result of this report. It is possible that deficit budgets may impact on the schools ability to meet the cost of repairs. As part of contingency planning a clear policy needs developing, in consultation with relevant parties, to meet this possibility and ensure stable financial management.

### **Other**

19. None.

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

20. The Scheme for Financing Schools, made in accordance with the Schools Standards and Frameworks Act 1998, makes provision for schools setting deficit budgets in accordance with DCSF rules.

### **Other Legal Implications:**

21. None.

## **POLICY FRAMEWORK IMPLICATIONS**

22. The proposals set out in the report are consistent with the strategies and policy objectives set out in the Children and Young People's Plan (CYPP). The targets for improvement in school performance set out in the CYPP would be harder for schools to meet if they were not permitted to set deficit budgets, as they would have to make significant cuts to expenditure in the current year, which would inevitably entail the reduction of teaching staff.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

**Non-confidential appendices are in the Members' Rooms and can be accessed on-line**

1.	None.
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### **Documents In Members' Rooms**

1.	None.
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### **Background Documents**

Title of Background Paper(s)

Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)

1.	Southampton City Council's Scheme for Financing Schools	
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**Background documents available for inspection at:** 5<sup>th</sup> Floor, Frobisher House

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**FORWARD PLAN No:** CS03466

**KEY DECISION YES**

**WARDS/COMMUNITIES AFFECTED:**

All

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