

EDUCATION, YOUTH & CULTURE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 18 th March 2021
Report Subject	Update on Council funding for schools
Cabinet Member	Leader of the Council and Cabinet Member for Education
Report Author	Chief Officer (Education and Youth)
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of this report is to outline to members of the Committee the proposal for distributing the additional £1m allocated to secondary schools in the 2021/22 budget.

The Estyn inspection of the Local Authority in 2019 raised concerns about the long term nature of deficit budgets in certain secondary schools. As part of their inspection report a key recommendation was that the Authority took steps to address the deficits. The additional funding in the budget is primarily to provide additional resource to those schools in financial difficulty.

However, It is also acknowledged by the Authority that in recent years secondary schools in general have experienced pressure on budgets. A proportion of the funding will go to those schools not meeting the principles set out in this report.

Because of the timing and purpose of the funding the Council will allocate the funding in 2021/22 as a supplementary allocation.

RECOMMENDATIONS

1	To approve the principles set out in section 1.05 of this report as the basis for allocating the £1m additional funding to secondary schools in 2021/22.
2	To note the allocations set out in Appendix 2.

REPORT DETAILS

1.00	BACKGROUND
1.01	<p>Estyn Inspection of Local Government Education Services – June 2019 The inspection report stated the following:</p> <p><i>'The local authority's allocation of resources to its education services and schools reflects the high priority given to education in the corporate plan. However, the local authority has allowed a small number of schools to carry a financial deficit balance for too long'.</i></p> <p><i>Recommendation 4 - Manage the reduction in school budget deficits more effectively.</i></p>
1.02	<p>Appendix 1 to this report sets out the year end balances for secondary schools for information.</p>
1.03	<p>A range of actions have been undertaken to respond to the Estyn recommendation including introducing a new protocol for reviewing schools in financial difficulty.</p> <p>In additional detail financial analysis was undertaken which highlighted the funding shortfall in secondary schools particularly small schools with pupil numbers below 600. The conclusion being that the current formula values do not provide sufficient funding for schools below this size to meet the fixed running costs and provide the breadth of curriculum required in a modern secondary school.</p> <p>As part of the budget setting process for 2021/22 and the Medium Term Financial Strategy (MTFS) proposals were put forward to increase the funding levels for secondary schools. The outcome of this being an additional £1m allocated in 2021/22.</p>
1.04	<p>This funding will enable the Authority to start to address the recommendation made by Estyn. Because of the basis of the funding the decision has been made to issue the funding as a supplementary budget in 2021/22 so that it can be targeted to the schools with the greatest need.</p>
1.05	<p>Allocation principles</p> <p>The principles by which the funding will be allocated are as follows:</p> <ul style="list-style-type: none">• Minimum size of secondary school = 600 pupils.• Pupil demographic will be taken into account through the application of a deprivation factor. (FSMs * Funding Formula Element 4 CAT scores ÷ Pupil Numbers)• Where a school does not meet the above criteria but has a deficit of greater than 10% of delegated budget as at March 2020 an allocation equal to the deficit % of delegated budget will be allocated. This is to support schools with significant deficits and to help ensure that current pupils are not being disadvantaged because of historical difficulties.

	<ul style="list-style-type: none"> In acknowledgement of the hardship faced by Secondary schools in general the balance of funding will be allocated to schools who do not meet the criteria above on a per pupil basis. <p>Appendix 2 sets out the allocations for 2021/22.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	Funding requirements for secondary schools will need to be considered by the Authority going forward in the Medium Term Financial Strategy.

3.00	IMPACT ASSESSMENT & RISK MANAGEMENT
3.01	Ongoing monitoring of schools in line with the Authority's Protocol for Schools in Financial Difficulty.

4.00	CONSULTATIONS REQUIRED / CARRIED OUT
4.01	Education and Youth Portfolio Management Team.
4.02	Schools Budget Forum.

5.00	APPENDICES
5.01	Appendix 1 - Secondary School Year End Balances Appendix 2 - Supplementary Allocations 2021/22

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<i>Combined Council Fund Revenue Budget 2021/22 Final Closing Stage 02.21.pdf</i> <i>Licensed Deficit Protocol – Revised 16/9/2020</i>

7.00	CONTACT OFFICER DETAILS
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