

DECISION-MAKER:	CABINET MEMBER FOR CHILDREN'S SERVICES AND LEARNING		
SUBJECT:	SCHOOLS' DEFICIT BUDGETS 2010/11		
DATE OF DECISION:	5 JULY 2010		
REPORT OF:	HEAD OF 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 Education rules. As part of the Southampton scheme, schools can request a deficit budget for which Cabinet Member approval must be given. Six schools have requested to set a deficit budget in 2010/11 for which Cabinet Member approval is now sought.

RECOMMENDATIONS:

- (i) That the deficit budgets for the following schools for 2010/11 be approved:

Sinclair Primary and Nursery School	£15,000
Holy Family Catholic Primary School	£11,000
Chamberlayne College of the Arts	£65,000
Upper Shirley High School	£96,000
St George Catholic VA College	£90,000
Vermont School	£72,000
Total Requested	£349,000

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 head teacher, representatives of the Governing body, and the Head of 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. Whilst pupil numbers in schools in the City continue to fall, a decrease of 1% over the last year, the increase in the birth rate in recent years is now starting to be reflected in the primary sector where pupil numbers increased by 1%. However numbers in the secondary sector are still falling, by 3% year on year. This directly affects the level of funding that schools receive in their budget share. As staffing reductions may not come into effect until the start of the new school year in September 2010, some schools are unable to set balanced budgets in the current financial year.
5. Through the Primary Review, the Local Authority has recognised that there are capacity issues in the primary sector and has already addressed the need for more places in schools within the City Centre.
6. Southampton City Council's Scheme for Financing Schools (approved May 2010), 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.
7. A strategic discussion has taken place between the head teacher of each school requesting a deficit, a representative of the governing body and the Children's Services and Learning Head of Standards. Finance officers were in attendance to advise both parties.
8. The discussion explored the reasons for the deficit and options for dealing with it within the context of securing a stable establishment that provides a broad curriculum to meet the needs of all of its pupils.
9. A deficit is only recommended for approval by officers where it is clear that a school needs time to adjust its staffing structure without jeopardising standards. The school must have a robust three year plan for repayment. All schools with deficit budgets receive regular monitoring visits and support from the Children Services and Learning Schools Finance Team.
10. Sinclair Primary and Nursery School - Deficit requested £15,000
The school has struggled to set a balanced budget for a number of years due to falling pupil numbers and finished the last financial year 2009/10 with

a deficit of £74,000. Last year there were a number of staff changes and the school was placed in the Special Measures category by OFSTED. The school is now being run under new leadership, in partnership with Holy Family Catholic Primary School and an Interim Executive Board is in place. There has already been a restructure of support staff, standards are improving and pupil numbers are starting to increase. To maintain this progress, the school has asked to set a deficit of £15,000 in 2010/11 and will return to a balanced position in 2011/12.

11. Holy Family Catholic Primary School – Deficit requested £11,000
The school was given approval to set a deficit budget of £65,000 in 2009/10 but ended the financial year in an improved financial position with a deficit of £52,000. The school is now requesting to set a deficit budget of £11,000 for 2010/11. This is less than previously forecast and reflects the efficiency savings that are being achieved through joint leadership with Sinclair Primary School. The school will return to a balanced budget in the 2011/12 financial year.
12. Chamberlayne College for the Arts – Deficit requested £65,000
Pupil numbers have fallen in recent years as larger year groups have moved through the school with the number on roll falling from 679 in January 2009 to 626 in January 2010. In response, the school has reduced both teaching and support staff significantly over the last year. This has been achieved through a redundancy programme and natural wastage. Also one member of the leadership team has been seconded to another school. The school has worked hard to improve standards and this is now starting to be reflected in pupil numbers with an expected increase in the Year 7 intake in September to 135. The school has requested approval to set a deficit of £65,000 in the financial year 2010/11 and expects to be back in balance in 2011/12.
13. Upper Shirley High School – Deficit requested £96,000
Over the last two years the school has become a mixed school and has moved to Trust status. Following falling pupil numbers in recent years, staffing levels at the school were increased in order to improve standards and learning. Despite finishing 2009/10 with a surplus, the school has recognised that it cannot continue to support the level of staffing that it considers necessary to retain capacity to deliver growth and the Building Schools for the Future Programme. The school has asked for approval to set a deficit budget of £96,000 in the financial year 2010/11 and will move back to a balanced position in 2012/13. This will be achieved through a restructure of teaching and support staff.
14. St George Catholic VA College – Deficit requested £90,000
The college ended 2009/10 in an improved financial position with an in year surplus of £25,000. Having carried forward a deficit of £104,000, this means a final overall deficit of £79,000. Pupil numbers have increased significantly, from 423 in January 2009 to 462 in 2010. Whilst this increase in roll is now reflected in the budget share, this has also meant that 4 classes per year group have to be supported instead of 3, leading to increased teaching costs. Whilst the college continues to raise academic and behavioural

standards, a deficit of £90,000 has been requested for 2010/11.

15. In the run up to the college being rebuilt under the BSF programme, savings on maintenance and IT improvements will be made where possible. However the deficit is forecast to remain at this level until pupil numbers increase to a more sustainable level.
16. Vermont School – Deficit requested £72,000
At the end of 2009/10 the school had a deficit of £154,000 compared to an approved deficit of £60,000. This was due to the appointment of temporary staff and additional casual hours worked to support the exceptional needs of pupils accepted into the school during the year. To bring the school back to a balanced position, the governing body has reviewed the staffing structure. This is possible as pupil numbers will be lower in September allowing the school to operate with 3 rather than 4 classes. These pupils are also not expected to need such a high level of support as the current intake. Temporary contacts will cease from the end of the summer term and council officers are working with the school on other staffing changes. The school has reviewed other areas of spend and agreed a number of savings.
17. The school anticipates moving back to a balanced position in 2012/13 and has been told that they must present evidence that their management and monitoring of the budget has improved to the Head of Standards at a specially convened meeting in September.

FINANCIAL/RESOURCE IMPLICATIONS

Capital

18. None.

Revenue

19. 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, £3.9m as at the end of 2009/10.

Property

20. 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

21. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

22. The Scheme for Financing Schools, made in accordance with the Schools Standards & Frameworks Act 1998, makes provision for schools setting deficit budgets in accordance with Department for Education rules.

Other Legal Implications:

23. None

POLICY FRAMEWORK IMPLICATIONS

24. 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

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

Appendices

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: 2nd Floor, Southbrook Rise

KEY DECISION Yes

WARDS/COMMUNITIES AFFECTED:	All
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