

29 APRIL 2015

SCHOOL BUDGET SAVINGS PROGRAMME

Report of the Director of Education and Early Intervention

Author: Catherine Tallis, Senior Officer, Education, Access and Provision

Tel: 01992 555971

1. Purpose

- 1.1 To brief Forum on the work that the Council is undertaking jointly with HfL to support school budgets.

2. Summary

- 2.1 This paper provides an overview of a proposed programme of work to support school budgets. It is evident that a number of schools are showing signs of financial difficulty and this number is likely to increase in the next parliament. Through a joint programme of work, HfL and HCC will seek to support schools in a number of ways in managing budgets sustainably through this period.

3. Recommendation

- 3.1 That a further report is issued to Forum in September 2015 with a progress update.

4. Background

- 4.1 There is increasing evidence to show that the result of prolonged pressure on school budgets in Hertfordshire is an increasing number of schools showing signs of financial difficulty/distress. Elsewhere on this agenda is a report setting out the prospects for schools budgets over the next 3 years. It is expected that in the main most schools will avoid

budget deficit in 2015/16 but increasing numbers of schools are likely to be forecasting a deficit for 2016/17 and 2017/18 and looking at what remedial actions they might take.

- 4.2 At this stage it appears that more secondary schools are showing greater signs of financial difficulty than their primary sector counterparts. It is thought that this is a combination of changes to sixth form funding and the cushion that the under 5's funding gives to schools with infant age pupils. Whilst it is less clear-cut in the primary sector, it is probable that schools smaller than two forms of entry will begin to report financial difficulty over the next two years and almost certain that schools with less than five forms of entry in the secondary sector will be in this position.
- 4.3 To support schools in managing financial pressures, the Council is working jointly with HfL on a programme of budget review spanning three key areas to support schools in meeting pressures through adopting more efficient structures, sharing services and driving through other value for money improvements. A programme of work with three key strands is being developed to this end:
- Efficient structures and services
 - Value for Money
 - Rates
- 4.4 The efficient structures and services workstream will look at the challenge of realising efficiencies in school management and governance structures in schools where the budget share per pupil is particularly high (generally the smaller) and there is a particular risk of financial stress. Building on lessons learned both in Hertfordshire, and more widely HfL will develop a series of models to enable school leadership and senior professional services to be shared with common or federated governance arrangements. Such models are likely to be developed within phase and cross phase. It is presumed that in addition to addressing budgetary challenges, the models can be used by schools alongside active support from HfL to address challenges of recruitment as such arrangements are likely to offer greater opportunities to school and aspiring school leaders and senior professionals. Once developed, the models will be promoted by HfL among schools where significant financial challenges are being faced, or where recruitment is proving challenging.
- 4.5 The value for money workstream will review school budgets at a macro level examining how services can be procured more efficiently. Given that staffing represents the biggest commitment in school budgets, Schools HR will actively participate in this workstream to enable advice to be developed for a range of schools to ensure that staffing structures deliver quality teaching and learning at schools and drive efficiencies. This workstream will look at all aspects of school budgets including communications and procurement services and

services such as payroll to ascertain whether greater efficiencies can be realised through renegotiating central contracts. Specific issues raised by schools including sickness insurance will be considered.

- 4.6 National Non-Domestic Rates (NNDR). It is evident that there is a significant range in rates paid to district councils across the County. Annual rates bills vary from £401,795 to £366 across the estate. Currently schools pay their rates bills and these are refunded from DSG. Academies and Foundation Schools are exempt in part from national non-domestic rates. The top twenty highest rate paying schools in the County are refunded a total of £ 2,521,941.50 from DSG. If these schools converted to Foundation Status then a potential saving of up to 80% of this figure could be realised in DSG and redistributed to schools. It is currently unclear whether there are any broader implications to budgets elsewhere and this will need to be tested before any programme of conversion is proposed.
- 4.7 It is intended that governance models and advice around efficient structures will be developed for the second half of the Summer Term to enable initial discussions to be targeted with schools either in financial difficulty, likely to be in financial difficulty or unable to recruit start late in the Summer Term. Initial discussions will be followed by more detailed discussions with schools that would like to explore the models further in the Autumn Term. The budget reviews will be complete for the Autumn Term and any services or contracts will be put in place ahead of the new financial year in time to allow schools to plan for the 2016/17 financial year. Any programme of community school to foundation school conversion will need to be agreed with legal services and property colleagues.
- 4.8 It is clear that the views and experiences of schools will need to be included in the outputs from this work. It is proposed that a steering group is put into place with representatives from each phase; two from the primary phase and one from the secondary phase. These might either be forum members or nominated by the Associations; officers intend to raise the issue with the Chairs of PHF, HASSH, and Special School Heads, but in any event there would be reporting on progress periodically through to Forum.
- 4.9 It is proposed that a further progress update is given at the September 2015 Schools Forum meeting.