

Report Title	Schools in Financial Difficulty and Hardship Fund
Meeting	Schools Forum
Date	05 December 2023
Chair	Jenny Sims
Report Author(s)	Kieran Holliday, Acting Strategic Lead for Education
Open/Exempt	Open

1. Summary

- 1.1. In July 2023, the Department for Education (DfE) announced that it is providing up to £40 million of additional funding in 2023 to 2024, to support individual schools which find themselves in particular financial difficulties.
- 1.2. This is one-off funding available in 2023 to 2024 only and the department has no plans for similar additional funding in 2024 to 2025.
- 1.3. £20 million will be used to top up the existing financial support already available to academies who are in financial difficulty. The remaining £20 million is being targeted at local authorities who have aggregated school-level deficits as a proportion of their total maintained schools' income above 1%. Sutton is one of the X Local Authorities that will benefit from this fund.
- 1.4. Sutton will receive £202,476 (a full list of Local Authorities and the amounts allocated is in Appendix A). The Local Authority has significant flexibility on how this fund could be allocated within an overall framework set by the ESFA. Schools Forum are asked to consider the recommendations about how this fund should be allocated.

2. Recommendation

- 2.1. To provide schools that have a cumulative forecast deficit at the end of 2023/24 proportional to the size of that deficit as a one off payment (Option 2 - see below).

Background

- 2.2. Maintained schools are responsible for managing their own finances. The role of the Local authority is to supervise and where necessary provide additional support to schools that are in financial difficulties.
- 2.3. The usual form that this takes for maintained schools is a deficit arrangement licensed by the local authority, in accordance with section 6.9 of the statutory guidance on schemes for financing schools. In some circumstances, it may be necessary to provide additional

financial support on top of this where it is not reasonable to expect the school to eliminate the whole of the deficit from its own future resources. The conditions of grant for this addition to DSG will allow the money to be used for this purpose.

- 2.4. The DfE's guidance note makes clear that they do not expect the Local Authority to support every school with a deficit. Instead schools should be supported on a case by case basis taking into account the severity of the school's position and prioritising those in greatest need.
- 2.5. It should be noted that this funding is not solely intended to cover schools which are in deficit as a result of the 2023 teachers' pay award. It is to support schools facing substantial overall financial challenges, which may be driven by factors other than teachers' pay.
- 2.6. This funding can be used to support maintained primary, middle, secondary, all-through schools, maintained special schools, pupil referral units, and maintained nursery schools.

3. Latest Position

- 3.1. Appendix B, tables 1 and 2 provide summary information on the latest returns from maintained schools in the Borough as of September 2023 (Month 6). Table 1 indicates that 4 schools started the financial year in deficit with this number expected to rise to 5.
- 3.2. The table makes clear the worsening financial position overall for maintained schools in the Borough. Cumulatively, the amount of cash reserves in schools will have significantly reduced from £3.5m to £1.7m over the course of this financial year with 20 out of 26 schools indicating an in year deficit in 2023/24.

4. Options

- 4.1. The following options could be considered.

Option 1 - use the full £202k allocation to support the Sherwood Park deficit discussed at the previous Schools Forum meeting (reducing the pressure on the High Needs Block by 202k)

Option 2 - provide funding support to those schools with an overall financial deficit proportionate to the forecast level of overspend.

School	Overall 2023/24 forecast deficit	Proportionate Contribution
Sherwood Park School	1,436	£124,148
The John Fisher School	487	£42,103
Foresters Primary	222	£19,193

Nonsuch Primary	189	£16,340
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- 4.2. Option 3 - provide funding support to schools with an overall financial deficit based on the size of the overspend proportional to the overall annual budget of the school.

School	Total Income budget	Forecast deficit 2023/24	Ratio as a proportion of total % forecast deficit	Allocation
Sherwood Park School	7.342m	1,436 (19.6%)	40.1%	£82.3k
The John Fisher School	7.934m	487 (6.1%)	12.7%	£25.8k
Foresters Primary	2.476m	222 (9.0%)	18.7%	£37.7k
Nonsuch Primary	1.410m	189 (13.4%)	27.9%	£56.4k

- 4.3. Option 4 - Support all schools with an in year deficit or an in year deficit or a particular size / proportion to their annual budget (not modelled at this stage).
- 4.4. Option 5 - Allocate funding on a case by case basis; schools to submit an application for funding, with rationale as to how the funding requested would not just contribute to alleviating the school's cumulative deficit but how the funding would be used as part of a deficit recovery plan in order to put the school's finances on a sustainable footing. This could include resources, staffing, SRMA visits. Decisions could be taken by the Local Authority or applications for this to be returned to the Schools Forum in February for decision.

5. Influence on the Council's Corporate Core Values and Objectives

- 5.1. One of the core values is partnership working. Setting the budget for the Dedicated Schools Grant, and considering related issues, is an important part of the budget process that fully involves schools as partners and particularly recognises the important role of the Schools' Forum.

6. Appendix

Appendix Letter	Appendix Title
A	Local Authority Allocations
B	Schools in Financial Difficulty Summary Position