

CYNGOR SIR POWYS COUNTY COUNCIL.

SCRUTINY AND EMT  
Date 11<sup>th</sup> February 2019

REPORT AUTHOR: County Councillor M Alexander  
Portfolio Holder for Education  
County Councillor A Davies  
Portfolio Holder for Finance

SUBJECT: School Budgets 2018-2019 update as at 31<sup>st</sup> December 2018

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REPORT FOR: Information

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1. **Summary**

- 1.1 Governing Bodies of maintained schools are required, under the Council's Scheme for Financing Schools, to set and submit an annual budget for their school together with initial budget plans for a minimum of the following two financial years.
- 1.2 Cabinet received a report on the 19<sup>th</sup> June which provided the proposed budget for all schools for the financial year 2018/19 for consideration and approval.
- 1.3 This report provides an update on school budgets arising from the recommendations of that meeting and the subsequent action taken by schools.

2. **Revised overall cumulative position.**

- 2.1 The overall projected cumulative deficit for FY201819 has increased by £585k to £2.69m from that previously reported of £2.1m in 31<sup>st</sup> March 2018 (the approved budget position). The main differences can be accounted for within the positions of a few schools (see Appendix A). Most of these schools have improved their cumulative positions for 2019-20 and are being closely monitored by Finance officers.

Cumulative Balances	As at 31st March 2018	
	FY1819	FY1920
Primarys	1,857,009	1,060,884
Secondarys	(3,800,299)	(4,359,329)
Specials	(159,692)	(327,867)
<b>Totals</b>	<b>(2,102,983)</b>	<b>(3,626,312)</b>

- 2.2 After requesting all Schools in an unlicensed position to submit a recovery plan over either three or five years, the below table shows the overall results of these plans. As you can see, significant effort has been made by schools to address their deficits for 2019-20 which now shows an improved position of £588k. Individual school budget plans will be reviewed and resubmitted for the new financial year and further work is still required to balance budgets. The impact of the recent formula review, the funding to support the teacher's pay agreement or superannuation increase will be considered as the new budget plans are developed and submitted for approval, these changes are not included in the current figures shown below.

Cumulative Balances	As at 31st December 2018	
	FY1819	FY1920
<b>Primarys</b>	1,814,991	1,191,644
<b>Secondarys</b>	(4,161,951)	(3,968,891)
<b>Specials</b>	(341,372)	(260,782)
<b>Totals</b>	<b>(2,688,331)</b>	<b>(3,038,028)</b>

2.3 Officers of the Council continue to work with schools to ensure that Governing Bodies work within the financial constraints of the funding allocated to them and in compliance with the Scheme for the Financing of Schools and class size requirements, where applicable.

2.4 The table below shows the GCSE and A Level results for the Secondary Schools in August 2018.

School	2018	Level 2		Level 2 incl.		Level 1		5+ A*-A (any)	
	NOR	No.	%	No.	%	No.	%	No.	%
Powys PRU	6	0	0.00%	0	0.00%	1	16.70%	0	0.00%
Powys EOTAS	8	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Caereinion	86	62	72.10%	53	61.60%	86	100.00%	18	20.90%
Llanfyllin	105	83	79.00%	72	68.60%	105	100.00%	18	17.10%
Llanidloes	97	67	69.10%	60	61.90%	95	97.90%	15	15.50%
Newtown	185	129	69.70%	117	63.20%	182	98.40%	21	11.40%
Welshpool	134	102	76.10%	79	59.00%	132	98.50%	33	24.60%
Llandrindod	96	71	74.00%	56	58.30%	94	97.90%	15	15.60%
Builth Wells	86	69	80.20%	55	64.00%	85	98.80%	19	22.10%
Maesydderwen	74	53	71.60%	37	50.00%	70	94.60%	12	16.20%
Brecon	80	65	81.30%	56	70.00%	80	100.00%	13	16.30%
Gwernyfed	70	63	90.00%	56	80.00%	70	100.00%	19	27.10%
Crickhowell	124	103	83.10%	95	76.60%	122	98.40%	36	29.00%
Bro Hyddgen	53	43	81.10%	36	67.90%	52	98.10%	10	18.90%
Brynllwarch Hall	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Ysgol Cedewain	6	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Ysgol Penmaes	13	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Powys</b>	<b>1229</b>	<b>910</b>	<b>74.00%</b>	<b>772</b>	<b>62.80%</b>	<b>1174</b>	<b>95.50%</b>	<b>229</b>	<b>18.60%</b>

### 3. Deficit budgets / Unlicensed position

3.1 Schools are aware that under the statutory regulations upon which the Scheme for Financing of Schools is based, they cannot set a deficit budget unless it is approved in line with the scheme requirements. Each approval or “licensing” is only given following the submission of a realistic plan as to how a deficit can be addressed. An unauthorised deficit is addressed through statutory compliance action with the Governing Body and the School Leadership Team.

3.2 The number of schools projecting a surplus or deficit position as at 31<sup>st</sup> December 2018 for the FY2018-19 is shown below.

Numbers for FY1819	No. of Schools	In surplus	In deficit	Unlicensed	Licensed	Approved
Primary	79	67	12	3	8	68
Secondary	11	5	6	5	1	5
Special	3	1	2	2	0	1
<b>Total</b>	<b>93</b>	<b>73</b>	<b>20</b>	<b>10</b>	<b>9</b>	<b>74</b>

3.3 Since the last report the following changes have been made.

Primary: Two schools have gone from a surplus position to a deficit position in FY1819. Two schools have gone from an 'Unlicensed' position to an 'Approved' position and to a 'Licensed' position respectively.

Secondary: There are two schools previously in a 'Licensed' position and one school previously in an 'Unlicensed' position that have all moved to an 'Approved' position.

Specials: There has been no movement in the budget positions of Special Schools.

#### **4. What action has been taken?**

4.1 Since the last report Finance Officers, Challenge Advisors and HR representatives have been working with schools in firming up their recovery plans and continue to scrutinise their position.

4.2 Budget meetings will continue to be held on a termly basis to ensure recovery plans are being adhered to.

4.3 In line with the Scheme for Financing of Schools we have issued Notices of Concern to those schools that are in breach of the scheme for non-compliance by not providing budgets by the required date.

4.4 A warning letter has been issued to one High School.

#### **5. Action being taken**

5.1 Recovery plans were required to be submitted by 29th September 2018. Where schools submitted deficit budgets, officers have worked with Governing bodies and School Leadership Teams to address the deficit balance. Continual work by Governing bodies and School Leadership Teams will be required to ensure statutory compliance and balanced budgets. It is essential that the remaining schools develop their recovery plans in order to meet the deadlines required for consultation with staff on potential redundancies. This action needs to be taken by January 2019.

5.2 If, following advice from officers, the Governing Body do not make appropriate changes to effectively manage their budget within the requirements of the Scheme for the Financing of Schools, the deficit budget will not be licensed and the agreed procedures within the Scheme for the Financing of Schools will be implemented which includes the Headteacher and Governors being requested to meet with portfolio holders and Directors to discuss their budget management.

5.3 The Council also has the option to withdraw delegation from the Governing Body and manage the budget from within the Council. This can be done following the issuing of a formal warning notice and non-compliance within a set timeframe.

## 6. Further action

6.1 The table below sets out the updated budgets for the schools in an unlicensed position following Autumn surgery sessions and the actions to be taken in follow up. As requested by Scrutiny, the value of each deficit has been expressed as a percentage of the approved budget, is also shown in the table.

Unlicensed Schools		As at 31st Dec 2018				Action supported by Section 151 and Director
School	FY1819	% of School budget	FY1920	FY2021		
<b>Primary</b>	Brynhafren C P	(92,408)	43.79%	(108,576)	(128,914)	Remain unlicensed, Finance, Schools Service and HR are working with the School to put in a realistic recovery plan. Further meeting to be held in Spring Term
	Llansantffraid C in W Aided School	(23,131)	5.86%	(15,365)	(7,931)	Notice of concern to be sent.
	Ysgol Gymaeg Dyffryn Y Glowyr	(8,757)	0.84%	(6,837)	(4,738)	Notice of concern to be sent
<b>Secondary</b>	Brecon High	(1,281,318)	52.88%	(1,564,878)	(1,828,714)	Remain unlicensed but the recovery plan in place is delivering savings and the School is working hard with Council officers to address the deficit. A further £500k has been identified between the July and November meeting
	Ysgol Bro Hyddgen	(190,200)	7.43%	(202,063)	(202,433)	Notice of Concern to be sent as recovery plan submitted not in line with the Scheme
	Crickhowell High	(909,062)	27.79%	(1,024,708)	(860,843)	Warning notice issued, failure to comply will lead to statutory powers being used.
	Llanidloes High	(126,241)	5.01%	(101,261)	9,436	Submission of recovery plan has brought the school back into a licensed position, close monitoring is required to ensure delivery of the budget. License the recovery plan.
	Welshpool High	(654,640)	17.79%	(886,757)	(1,175,953)	Notice of Concern to be sent as recovery plan submitted not in line with the Scheme
	Ysgol Maesydderwen	(207,601)	8.91%	(215,850)	(205,972)	Notice of Concern to be sent as recovery plan submitted not in line with the Scheme
<b>Special</b>	Brynlywarch Hall Special	(43,960)	3.26%	(20,204)	(24,198)	Moved into an unlicensed position in the Summer. A notice of Concern was sent and a recovery plan has been submitted that is under scrutiny by Finance and Schools Service
	Cedewain Special	(382,947)	18.46%	(216,139)	(97,763)	Remain unlicensed, recovery plan has been submitted and is under scrutiny by Finance and Schools Service.

## 7. Impact Assessment

7.1 Is an impact assessment required? No

## 8. Local Member(s)

8.1 All maintained schools across the council are included in this report therefore all local members have an interest.

## 9. Other Front Line Services

Does the information impact on other services run by the Council or on behalf of the Council?  
Yes

Due to the school's deficit position and the forecast is such that this position will worsen, this will be putting financial pressure on the overall Council's budget, therefore other front line services may be impacted by this.

## 10. Communications

Have Communications seen a copy of this report? Yes

Communications Comment: No proactive communication action at this stage

**11. Support Services (Legal, Finance, Corporate Property, HR, ICT, Business Services)**

11.1 Legal: The recommendation can be supported from a legal point of view

11.2 Finance: Deficit and surplus balances must continue to be carefully monitored to ensure schools are in compliance with the Scheme for Financing Schools and that schools take the appropriate action to ensure they meet the requirements. It is essential that officers from Finance, HR and Schools service continue to work with the Headteachers and Governing Bodies to address school balances.

11.3 Corporate Property: Not required

11.4 HR: HR are working with all schools regularly to discuss revised staffing structures

**12. Scrutiny**

Has this report been scrutinised? To be held on 11<sup>th</sup> February

**13. Statutory Officers**

13.1 The Head of Financial Services (Deputy S151 Officer) notes that whilst some schools have taken action to reduce their deficit balances others have not and the overall position continues to show a worsening position for schools' finances.

13.2 The Solicitor to the Council (Monitoring Officer) commented as follows : “ I note the legal comments and have nothing to add to the report.”

**14. Members' Interests**

The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should declare it at the start of the meeting and complete the relevant notification form.

<b>Recommendation:</b>		<b>Reason for recommendation</b>	
That cabinet note the contents of the report and approve the recommendations as presented in 'Unlicensed Schools' table within Section 6.		To comply with the Council's Scheme for the Financing of Schools	
<b>Relevant Policy (ies):</b>	Scheme for the Financing of Schools		
<b>Within Policy:</b>	<b>Y</b>	<b>Within Budget:</b>	<b>N</b>
<b>Relevant Local Member(s):</b>	<b>All</b>		
<b>Person(s) To Implement Decision:</b>	<b>Schools Finance Manager &amp; Schools Service Senior Staff</b>		
<b>Date By When Decision To Be Implemented:</b>	<b>Immediately</b>		
Contact Officer: Richard Waggett		Tel: 01597 826387	
Email: <a href="mailto:richard.waggett@powys.gov.uk">richard.waggett@powys.gov.uk</a>			

**Background Papers used to prepare Report:**  
**CABINET REPORT TEMPLATE VERSION 5**

## Appendix A

As requested per Scrutiny at the last meeting, please see below the details in movement on Secondary Schools:

The following schools have an improved position for this year:

<b>School</b>	<b>As at 31<sup>st</sup> Mar 2018</b>	<b>As at 31<sup>st</sup> Dec 2018</b>
Gwernyfed High School	£241,362	£287,106
Ysgol Maesydderwen	(£262,543)	(£207,601)
Ysgol Uwchradd Caereinion	£ 21,102	£ 35,577
Llanfyllin High School	£ 3,017	£ 57,133
Llanidloes High School	(£156,799)	(£126,241)
Ysgol Bro Hyddgen	(£190,573)	(£190,200)
Newtown High School	£123,369	£125,728
Ysgol Calon Cymru	£ 52,616	£ 53,955

The following schools have a worsening position for this year:

Brecon High School (although future years have significantly improved).

	(£1,159,915)	(£1,281,318)
Crickhowell High School	(£ 701,384)	(£ 909,062)

The following school has a broadly static position:

Welshpool High School	(£ 654,640)	(£ 654,640)
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