

## **Matters Arising – Summary Statement Beckfoot Upper Heaton Academy Growth Fund Financial Support**

### Summary

A request was made at the 6 December meeting for a report, which re-states for Members the discussions that took place in agreeing the allocation of growth financial support to Beckfoot Upper Heaton Academy, and which sets out the value for money basis of this agreement.

The discussions took place between September 2014 and January 2015. The final decision on the financial support model was made by the Schools Forum on 7 January 2015. Belle Vue Boys converted to academy status and became Beckfoot Upper Heaton Academy in September 2015.

Payments have been made in respect of this model as follows:

- 2015/16           £546,972
- 2016/17           £517,416
- 2017/18           £548,238

Payments are to be made for a further 4 years. Provision of £2.34m is made from Schools Block reserves. The value of allocation each year is calculated on October Census pupil numbers. The academy current has 433 pupils on roll and is forecasted to have 650 on roll in October 2021. The year 7 intake in September 2017 was 133 compared with 82 in September 2014.

There is incentive within the model, to minimise the level of financial risk that the Trust must manage, for standards to be improved, and for pupil numbers to increase, as quickly as possible. At the end of the final year of the period of assistance the risk relating to future financial viability will be passed in full onto the Trust.

The school is now part of a strong MAT.

The financial position of the academy has stabilised.

The intake of the academy has increased (which would have otherwise been eligible for growth funding)

The new build has been delivered.

### The Rationale & Value for Money Basis

Below is a re-statement of the rationale and value for money basis for the financial support model, which is copied from the matters arising document presented to the Schools Forum on 7 January 2015. Members are reminded of the difficult set of circumstances that were present.

“It is helpful to summarise the key reasons behind the Authority’s request to the Schools Forum to provide financial support for BVB and to explain why these circumstances are considered to be unique to this school (responding to the concern expressed by the Forum about the possibility of setting a ‘dangerous precedent’).

- BVB has been placed into Special Measures and the school requires an immediate solution. One of the drivers of the financial difficulties the school faces is a low intake. The school’s intake will not be increased unless standards improve. Standards will not be improved unless a solution is found. The DfE is pushing the Authority for a solution. As reported previously, the Authority has been looking for an academy sponsor. The financial position of the school is a key barrier to achieving this.
- Being in Special Measures, and seeking to find an academy sponsor, however, are not factors in themselves that warrant consideration of a significant level of additional financial support from the DSG. What does warrant this is that BVB is not financially viable as a stand-alone school. Our modelling identifies that the school’s budget

does not balance, even after the school reduces its spending down to what it needs to run a minimum curriculum. We model that, if nothing changes, the school will hold a cumulative deficit in 3 years of £1.8m. If a solution is not found, the DSG will become liable for this deficit. It is not the case then that the school simply needs to be given some leeway to overspend in the short term so that it can invest to raise standards, then repay this overspend in a licensed deficit agreement. Our modelling identifies that the school will not be in a position to repay a deficit (or to halt the continued growth of this). This is the crux of the 'financial barrier'.

- The Authority would argue that no other maintained secondary school is in the same position. BVB is our smallest fully established secondary provision. All other smaller secondary settings are academies (some within multi-academy trusts). Other maintained secondary schools that may be converting to academy status in the future are much larger in size and have much more budget flexibility; their financial positions are not barriers to improvement / securing conversion in the way that BVB's financial position is. As such, the Authority would not expect to put forward similar requests for consideration for any other secondary provision.
- Future financial viability will be achieved by bringing BVB into a larger organisation (e.g. within a multi-academy trust) and by improving the school's intake to PAN. However, it will take 5 years from the point the school's year 7 intake reaches full PAN, and continues, to place the school on a more secure financial footing. The key purpose of the bridging fund is to support the financial position of the school as this is achieved, recognising that the school must also raise and maintain standards across the same period. At the end of the final year of the period of the bridging fund, the risk relating to future financial viability will be passed from the DSG onto the Trust.
- The simple alternative to the academy sponsor route would be to close the school. A key consideration would be the timescale involved in proposing, consulting and agreeing this, against the necessity of an immediate solution, as well as the costs involved in writing off the school's deficit and those associated with closure and the transfer of pupils to other provisions. In addition, as previously reported, there are 2 other factors. Firstly, that the Authority would lose the capital funding from the EFA that is financing BVB's new build (to open September 2016). Secondly, the Authority's places-forecasting strongly identifies that the places provided by BVB are required to help meet demand in the Central planning area. The current overall capacity, including free schools and known new developments, is expected to be exceeded during 2016, especially in the Central and South planning areas. In terms of year 7 places, forecasts suggest that, at September 2019, roughly at least an additional 16 forms of entry will be required across the District; 2 in the 3 Valleys Area, 12 in Central and 2 in South. If the school was to be closed, the Authority would have to find an alternative way of providing places capacity and the DSG would meet the cost of this. For example, a new 4 form of entry school would cost approximately £3.5m in revenue budget from the DSG to establish over 5 years, excluding capital building costs.

The Authority supports the proposal to the Schools Forum as this is a local solution that provides a clear way forward for securing improvement at the school, protects the District's places-capacity and enables us to be clear about the financial commitments involved."