

Central Bedfordshire Schools Forum

Contains Confidential or Exempt Information No.

Title of Report Watling Lower School Licensed Deficit

Meeting Date: 4 March 2013

Responsible Officer(s)

Presented by: Watling Lower School

Action Required:

1. Watling Lower School requests the School's Forum to write off the licensed deficit of £264,424
-

Summary

1.	The governors at Watling Lower School have substantially reduced debt liability over the last 2 years and have successfully balanced the in year budget for the last 2 years. The school has no means to repay the outstanding licensed deficit of £264,424 which is now stabilised and requests the School's Forum to write off the outstanding debt to allow the school to move forward without this serious barrier to any development.
2.	Governors and the leadership team have worked extremely hard with the full support and knowledge of CBC over the last 15 months to transform Watling into a school with a secure economic future, a functioning governing body, which meets its statutory obligations, a school which is well led and managed providing a high quality education with children achieving high standards. Our shared aim is to " Make Watling Lower School the local school of choice "
	Background
3.	In June 2011 the LA asked an experienced Chair of Governors to support the school. It had serious financial issues and needed to improve governance. It was being led by an Acting Head due to retire and leadership and governance were unsatisfactory. The learning environment was poor, the buildings and grounds had been neglected, toilet facilities were appalling, the kitchen was unusable and the site was insecure. Teaching was unsatisfactory in some year groups and behaviour management was inconsistent. The teacher assessment data was insecure and the curriculum and assessment needed considerable strengthening. Numbers on roll were falling, impacting on income requiring a redundancy process.

4.	Finance was mismanaged and there was a large unspent capital budget in danger of being clawed back. The school had failed its audit and FMSiS. Staff and governors were unaware of the considerable deficit which was at that stage unlicensed.
5.	An experienced Interim Head was appointed for September 2011. Staff and governors were informed that the school had entered into an ill advised and unauthorised ICT lease deal in 2009, which had put the school into serious debt and would mean a deficit for many years. It was made very clear that the status quo could not continue and that everything would come under review. Teaching and learning had to improve and the school needed to provide better quality to its children and parents.
Actions	
6.	Governance has been strengthened and an experienced clerk appointed. Governors now have a clear operating structure, fulfil statutory requirements and are accountable with effective committees, well defined agendas and accurate minutes.
7.	Marketing and Communication was a priority to improve the profile of the school with parents and the local community. Weekly newsletters have been introduced, parents are invited to “fab finishers”. The whole school emphasis on reading has involved parents very effectively. Features in the local press and a display in an empty High Street shop window have also helped to raise the profile. A Parent Forum has been introduced and meets regularly. New signage has been erected and entrance gates widened and improved. 50 th Birthday arrangements galvanised community cohesion. Numbers have gone up.
8.	Finance has been overhauled. A committee worked very hard to unpick the layers of problems, supported by LA officers and legal services. The budget is now understood and ratified by governors and we have an in year balanced budget for the second year. An action plan is in place to address all the audit concerns. A Finance Manager was employed The biggest challenge was dealing with the legacy of toxic credit agreements and ICT equipment, which had been oversold and not fit for purpose. We began negotiations with the two finance houses to reduce our payments with limited success. However following the demise of the leasing company we intensified negotiations. After a lot of work and effort we received debt forgiveness from Lombard of £270k and paid off a reduced liability to BNP Paribas of £74k It had been predicted that the LD would escalate to in excess of £800k by 2015/16 however that is now stable at £264,424.
9.	Human Resources management has dealt with redundancy, agreed a revised staffing structure, recruited a substantive Head and Deputy and introduced a rigorous performance management process and new capability procedures.

10.	Standards and Curriculum committee is now established with Learning Walks a feature.
11.	Learning environment improvements have been dramatic. Classrooms have been stripped of old shabby furniture and redundant brightly coloured chairs, tables, desks, soft furnishings and various pieces of play equipment from a closing school were transported to WLS. This has helped to transform the classrooms and enthused staff and children at no cost. The staffroom has been improved to provide better facilities for work and relaxation.
12.	The Early Years area has been dramatically improved and the outside play provision transformed. We have secured Awards for All funding to support the grounds improvements by Groundwork Trust. Office areas have been refurbished with unwanted desks and an additional office has been created for the Deputy.
13.	Premises improvements have continued since September 2011 with new windows and roof repairs. We were without a kitchen for 15 months and served carried meals for the whole academic year. A DDA grant enabled an upgrade to a set of toilets, a disabled facility and transformation of cloakroom space into a learning bay. In the autumn term 2012 the heating and lighting was completely renewed. These improvements have been hugely disruptive and very costly at nearly £1million but the school is now fit for purpose and looks attractive.
14.	<p>Following a series of meetings to discuss our financial situation and inability to repay the outstanding amount, in December the LA proposed a solution to the long term deficit. They proposed that the school become a sponsored academy which would effectively write off the outstanding debt using DSG funds. The DfE had a different view and have told us that we are not eligible for sponsorship, as standards are not an issue. If we considered Academy conversion, the debt would remain.</p> <p>We are asking the Schools Forum to make a one off payment to clear this debt which was incurred by an inept management regime which flaunted LA guidelines and was allowed to behave irresponsibly through lack of rigorous LA control.</p>
Detailed Recommendation	
15.	The school has no means of repaying this debt and is hampered in moving forward as this seriously compromises any decisions.
16.	We have no means of repaying this debt which has been recognised by the LA through several high level meetings with senior officers. On 10 th December 2012, LA officers attended the governing body meeting and proposed that the school should become a sponsored academy which would result in the debt being paid off from the DSG.

	Subsequent discussions with DfE have made it very clear to the school that the DfE would not consider an application to become a sponsored academy as standards in the school are good.
17.	Write off of the debt would mean the school is no longer hampered by this long term issue which has no other solution.

Comments from Central Bedfordshire Council

18.	<p>The Council recognises the significant improvements achieved by Watling Lower School outlined in this report and the difference that these improvements have made for children who are educated at the school and their subsequent progress and achievement.</p> <p>The Council also recognises that the debt was created up by a previous leadership and management team at the school which is no longer present and that this debt is now under control - although it is not a debt that the school will be able to pay back under current arrangements.</p> <p>The Council has been concerned that, while the current leadership and management of the school is not responsible for the situation in which the school finds itself, to write the debt off would nevertheless create a precedent that would leave the Council open to challenge from other schools that have had to pay debts off from within their budgets.</p> <p>Schools have had delegated budgets for almost a quarter of a century and the current changes in financial arrangements and regulation of school funding make it very clear that schools' budgetary responsibilities will increase further with the introduction of school to school recharging in the High Needs Block and the bringing together of individual health, social care and education budgets to form one budget that follows the child or young person's journey through the systems. The new financial regulations that will operate from April 2013 will prevent the use of DSG for the purposes of writing off debts.</p> <p>For these reasons the Council has in the past declined to take a paper to Schools Forum to request that Watling Lower School's deficit is written off and for these same reasons .</p> <p>The Council the recommends that the school forum thinks carefully about the precedent it would set for itself if it agreed to do so now.</p>
-----	---

Source Documents	Location (including url where possible)

Presented by (type name)