

Financial Intervention Panel Annual Report 2016/17

REPORT OF THE COUNTY TREASURER AND CHIEF OFFICER FOR CHILDREN'S SERVICES

1. Introduction

Support for schools in financial difficulty is funded from maintained schools de-delegated contingency, which is subject to annual consultation with maintained schools by phase. The Panel meticulously scrutinises every submission and will only award financial support when it is satisfied that the governing body has taken every action it possibly can to balance the budget. It should be noted that the contingency budget cannot over spend. If the call on it is greater than the funds available, the over spend will be carried forward to the following financial year and maintained schools will be asked to de-delegate more.

2. Governing Bodies are responsible for:

- i) Taking any remedial actions required to secure an in-year balanced budget
- ii) Having a 3 – 5 year strategic plan to secure high quality educational provision for children within a balanced budget
- iii) Taking timely remedial action when three year budget plan does not balance
- iv) Implementing appropriate action wherever possible to prevent redundancy and retain employment
- v) Ensure that plans submitted to FIPS are correct, robust and deliverable
- vi) Implementation of agreed actions following FIPS decisions
- vii) Ensuring the school participates in the Active Redeployment Programme when future budget difficulties are identified. This includes working pro-actively with the HR Direct Redeployment team at an early stage to place staff at risk of redundancy where possible, thereby retaining experienced staff in Devon and minimising the cost of redundancies.

3. Purpose of Financial Intervention Panel (Schools) (FIPS)

- FIPS is an officer constituted group that has the function of scrutinising budgets and recovery plans of schools at financial risk.
- FIPS will consider Redundancy, Contingency, Compromise Agreement and Ending Fixed Term Contract requests along with Vulnerable Budgets requests to appoint.
- FIPS may signpost schools to appropriate strategies to support them in planning for long-term financial viability.

As part of these responsibilities FIPS may:

- i) Place a school on monthly monitoring or period review.

- ii) Advise Devon County Council to issue a Notice of Concern or a School Financial Warning Notice (SFWN) or to withdraw delegation
- iii) Instigate an Individual School Review (ISR) regarding future sustainability of a school and it's status e.g. Federation/ Closure
- iv) Advise the that the school be placed on the Keys to Success Programme (Excellence for All)
- v) Instigate a formal audit of the school's financial processes and/or a financial review.
- vi) Authorise recovery plans for schools using an "invest to save" model where strategies are sufficiently innovative and necessary to resolve underlying financial pressures for long term viability
- vii) Pass on any significant concerns raised with the authority regarding financial processes around an Academy school in Devon to the Secretary of State.

4. Analysis of submissions to FIPS

Analysis of cases

There have been 41 submissions during 2016/17 which is a rise of 28% from 2015/16. The number of Primary schools has remained consistent, but the main reason for this increase is due to the number of Secondary school submissions rising from 10 to 17.

Breakdown by School Type

	2014/15		2015/16		2016/17	
	No.	%	No.	%	No.	%
Primary Schools	32	84%	17	53%	17	41%
Secondary Schools	5	13%	10	31%	17	41%
Special Schools	1	3%	5	16%	5	12%
Nurseries/Childrens Centres	0	0%	0	0%	2	5%
Total	38	100%	32	100%	41	100%

Submissions from Schools

The main reason for submissions in 2016/17 has been around redundancy where we have seen a rise of 180% from last year. It should also be noted that of the 5 submissions by Special Schools 4 separate submissions have been made by 1 school

	2014/15	2015/16	2016/17
Redundancy (Stage 1 & 2)	14	10	28
Contingency	16	7	8
Vulnerable Budgets	0	1	1
Licensed Deficit	4	5	1
Falling Rolls applications		1	0
Other		8	3
Total	34	32	41

The 28 redundancy submissions came from: 12 Primary, 14 Secondary and 2 Special Schools.

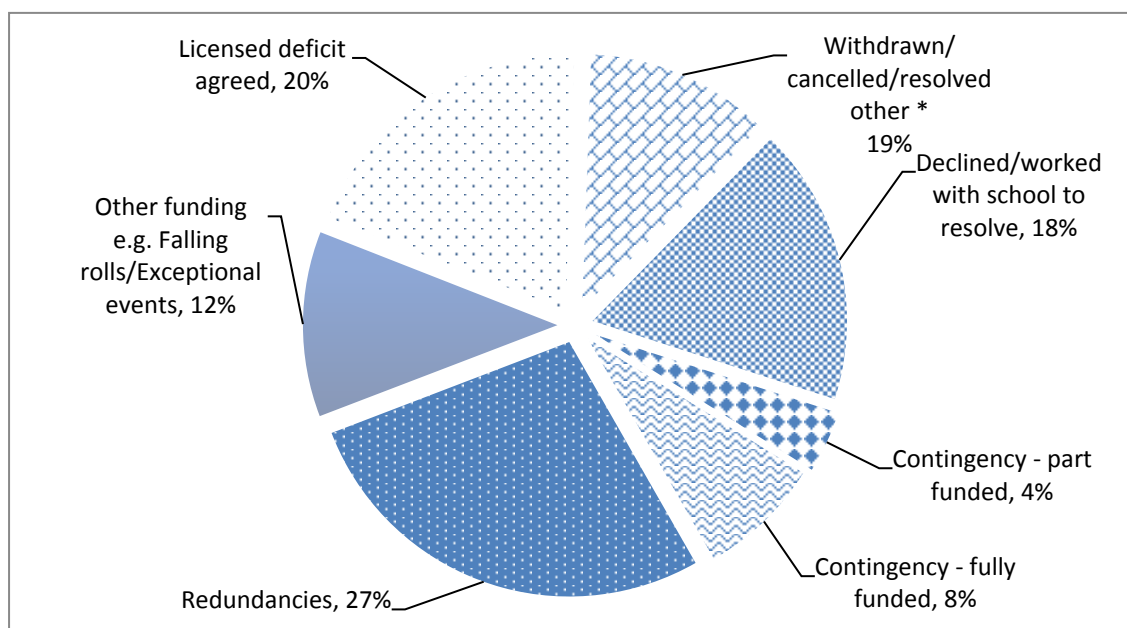
Outcome from cases submitted

The following table shows the decisions made by the panel and in some cases the decision has resulted in more than one outcome for a particular submission. For example, there may be an agreement to fund redundancies and have a licenced deficit in the first year.

	2014/15	2015/16	2016/17
Withdrawn/cancelled/resolved other **	7	6	6
Declined/worked with school to resolve	5	3	9
Contingency - part funded	8	0	2
Contingency - fully funded	7	1	4
Redundancies	10	13	14
Unknown w/o further investigation	1	0	0
Other funding e.g. falling rolls/Exceptional events		4	6
Licensed deficit agreed		5	10
Total	38	32	51

** includes subsequent academisation

As part of the agreements in 2016/17 there are 3 licenced deficits for 2017/18 and 1 for 2018/19.

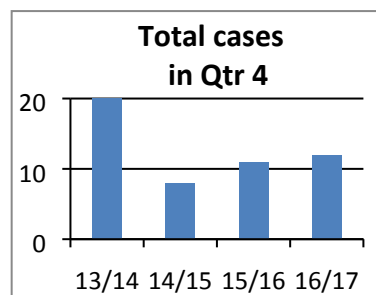


Comparison of 4th Quarter Submissions

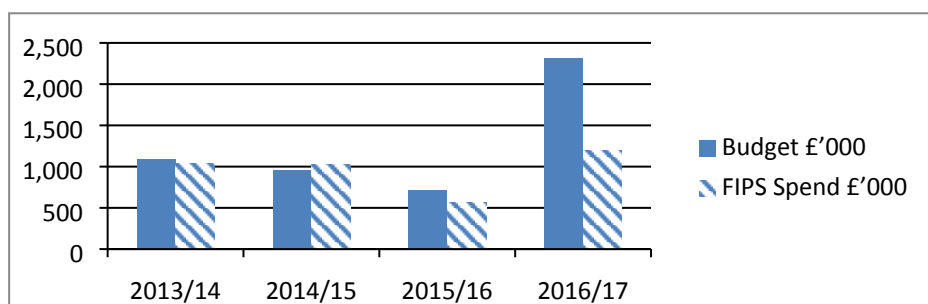
The number of submissions in the 4th quarter has remained at a similar volume to last year and have been largely requesting redundancy. One reason for this is around the change in the enhanced redundancy pay from April 2017.

13/14	14/15	15/16	16/17
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Redundancy	11	2	8	9
Contingency	9	5	0	3
Vulnerable budget	0	0	0	0
Licensed deficit	0	1	2	0
Falling rolls application			1	0
Other	0	0	0	0
Total cases	20	8	11	12



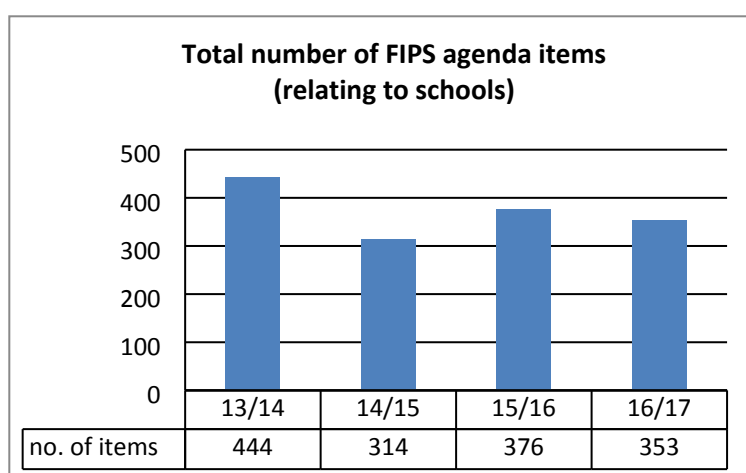
Budget vs Spend



	2013/14	2014/15	2015/16	2016/17
Budget £'000	1,086	952	712	2,309
FIPS Spend £'000	1,042	1,021	560	1,191

The spend within FIPS has returned to levels prior to 2015/16 as schools begin to see the pressures of tighter budgets.

The FIPS budget includes a carry forward of £0.833 million from 2015/16 and of the surplus £1.118 million to be carry forward to 2017/18 there are already redundancy costs up to £1.181 million committed as a result of submissions during 2016/17.



The number of items on the FIPS agenda has seen a slight drop and the breakdown below shows what actions have been undertaken to resolve the submissions across the year.

	15/16	16/17
No. of schools on monthly monitor	30	13
No. of letters sent from FIPS	274	185
No. of pre-notice of concern/warnings/serious concern letters	8	
No. of FIPS meetings held	23	22
Workshops with schools **	10	10
FRS reports analysed & queried	125	163
Budget Plans Analysed & queried	232	128

** This does not include approximately 20 meetings for 1 particular school in 2015/16.

5. Summary

The Panel continues to provide support when it is satisfied that the governing body has taken every action it possibly can. Where the Panel decides to provide support for a school in financial difficulty, this may not always be of a financial nature (i.e. financial support or the provision of a loan) but could also be in the form of leadership support or licenced deficit.

With the current uncertainty of the National Funding Formula; continued challenging fiscal environment and a cash flat DSG settlement, the role of FIPS has become much more proactive in identifying and engaging with schools with vulnerable budgets at an early stage.

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