

Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	St Teresa's Catholic Infant School		
Report of:	Executive Director of Children's Social Care and Education	Wards Affected:	Birkdale; and neighbouring wards where pupils reside
Cabinet Portfolio:	Cabinet Member – Children, Schools and Safeguarding		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

At the Cabinet meeting held on the 5th March 2020, Members agreed to allow St. Teresa's Governors' further time to provide an alternative financial proposal based on a half form entry from Reception to Year 2.

St Teresa's Governing Body have been developing a financial plan to try to support the continued operation of the school. The Local Authority has worked with the Governing Body to discuss the proposals and understand the implications.

The issues are not related to the quality of the provision, St Teresa's last inspection acknowledges that the school is 'Good'.

The Governing Body has put forward alternative proposals which they believe would support the sustainability of the school both financially and as a community resource. There does however, remain some concerns about how they will work in practice. It is acknowledged that some of the work has been hampered by the COVID pandemic which has limited their ability to promote themselves as a school within the community.

Recommendation(s):

- (1) That the Governing Body is given the opportunity to implement their plans for ST Teresa's catholic primary school.
- (2) That the Council cease the statutory process approved by Cabinet on 3 October 2019.
- (3) The Local Authority and the Arch Diocese continue to work with the Governing Body to ensure that proposed plans are implemented and the school can achieve financial sustainability.

Reasons for the Recommendation(s):

The Local Authority has the power to consider all options and to allow the Governing Body the opportunity to continue with their action plan to move the school to a balanced budget.

Alternative Options Considered and Rejected: (including any Risk Implications)

Alternative options have been explored by the governing body with support from Officers. The Council could proceed to a statutory closure but have decided not to for the reasons outlined in the report.

What will it cost and how will it be financed?

(A) Revenue Costs

See Section 4 below

(B) Capital Costs

N/A

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): Staff from Corporate Finance and Corporate Personnel together with Business Support have continued to provide support through the consultation exercise.</p>
<p>Legal Implications:</p>
<p>Equality Implications: There are no equality implications.</p>

Contribution to the Council's Core Purpose:

<p>Protect the most vulnerable: All children including those with SEND and vulnerable groups will still be able to attend a Catholic school rated good in their local community</p>
<p>Facilitate confident and resilient communities: The school has had a significant role in the community for many years and this will allow the school to continue to support the local community.</p>
<p>Commission, broker and provide core services:</p>

Place – leadership and influencer: The school has a long-standing relationship with the local community and this will allow catholic provision to continue in the community.
Drivers of change and reform: N/A
Facilitate sustainable economic prosperity: N/A
Greater income for social investment: N/A
Cleaner Greener: N/A

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services (FD6070/20) and Chief Legal Democratic Officer(LD.4253/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Stage One consultation on the proposal has taken place in accordance with statutory requirements. As part of the consultation process meetings were held with governors, parents of pupils and staff in the school and their trade union representatives.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

There are no appendices to this report

Background Papers:

Opening and closing maintained schools: statutory guidance for proposers and decision-makers, November 2019, Department for Education.

<https://www.gov.uk/government/publications/school-organisation-maintained-schools>

1. Introduction/Background

1.1 St Teresa’s Catholic Infant School has suffered from falling pupil numbers since receiving a poor Ofsted judgement. They have never fully recovered from this

even after achieving a good Ofsted judgement in February 2018. There has also been a decline in the nursery/infant population in the area which has exacerbated the problem.

- 1.2 Governing bodies have a duty to set a balanced budget each year and the Governing Body of St Teresa's Catholic Infant School has worked hard to reduce costs and set a balanced budget, however the budget prepared by the Governing Body does not show a balanced budget for at least four years.
- 1.3 The Governing Body of St Teresa's Catholic Infant School met on 19th June 2019 to consider the financial position of the school going forward in the light of no foreseeable increase in pupil numbers and increasing cost. They concluded that they were unable to set a balanced budget. On 25th June 2019 the Chair of Governors wrote to the Head of Schools and Families to request approval for a deficit budget for 2019/20. In the letter they also requested that the possibility of a merger with Our Lady of Lourdes Catholic Primary School be explored.
- 1.4 The above was considered by Cabinet on 3 October 2019. Cabinet agreed to commence Stage One of a statutory consultation process relating to the future operation of St Teresa's Catholic Infant School via the publication of a consultation paper agreed between the Council and the Archdiocese of Liverpool. The recommended proposal was for the closure of St Teresa's Catholic Infant School and the related expansion of Our Lady of Lourdes Catholic Primary School.

2 Consultation Process

- 2.1 In accordance with section 16(3) of the Education and Inspections Act 2006 a proposer of a school closure must have regard to any guidance issued by the Secretary of State. The following bodies and individuals were consulted:
 - Parents/carers of pupils at St Teresa's Infant School and Our Lady of Lourdes Catholic Primary School
 - Parents of pupils who had applied for places at the schools at the start of the consultation period
 - Staff at St Teresa's and Our Lady of Lourdes
 - Governing bodies of St Teresa's and Our Lady of Lourdes
 - Trade Union Representatives
 - Sefton schools
 - Ward Councillors
 - Directors of neighbouring local authorities
 - Local MP
 - General consultation invites on Sefton Council's website
- 2.2 The consultation process was presented to the Public Engagement and Consultation Panel on 10 October 2019.
- 2.3 All parents at both schools received a letter and a copy of the consultation leaflet. The consultation also consisted of meetings with staff, governors and families, and provided the opportunity for discussion and written representation. The consultation period ran from 21 October until 6 December 2019. An extra week was allowed for half term.

3. Outcome of the Consultation

3.1 The outcome of the consultation was considered by Cabinet on 5 March 2020 when a detailed report was provided and the following decision was made:

- (1) it be noted that consideration and account had been taken of the responses to the statutory consultation process;
- (2) the option to merge St Teresa's Catholic Infant School with Our Lady of Lourdes Catholic Primary School be not progressed; and
- (3) approval be given to defer the decision regarding the future of St Teresa's Infant school to the Cabinet meeting on 28 May 2020 to allow options brought forward as a result of the consultation to be fully explored by the Governing Body of St Teresa's, with support by the Archdiocese of Liverpool and the Local Authority.

4 Financial Position

4.1 St Teresa's Catholic Infant School has been struggling financially for several years and the Governing Body has worked hard to reduce costs.

4.2 The school carried forward balances of £0.047m from 2018/19 and had an in-year deficit of £0.085m in 2019/20 meaning the school ended 2019/20 with a financial deficit of £0.038m. This was after reducing its budgets as far as possible and after agreeing to share a Headteacher from September 2019 with Our Lady of Lourdes Catholic Primary School.

4.3 The school has seen declining numbers in recent years leading to reduced funding. Without further changes to funding or actions to address an overspend position, the school was expected to have a cumulative deficit of £0.120m by the end of 2020/21 and £0.200m by the end of 2021/22.

4.4 At the Cabinet meeting held on the 5th March 2020, Members agreed to allow St Teresa's Governors' further time to provide an alternative financial proposal based on a half form entry from Reception to Year 2.

4.5 The Governing Body has submitted the following budget proposal to the Council for consideration, they hope to further mitigate the existing deficit through additional fundraising and rent of space to third party organisations outside of term time and school hours. The Governors' proposal is predicated on future Reception numbers being at capacity of 15 each year from September 2021 and the school leasing part of the building to a private provider to deliver Two-Year-old funded child care provision, which will provide a letting income to the school.

Table 1: St Teresa's Governing Body Budget Proposal

	Outturn 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £
Staff	385,359	286,315	262,848	249,631	245,370
Curriculum	32,306	22,831	22,698	22,638	22,708
Premises	16,610	24,185	21,751	22,235	22,741
Utilities	10,602	11,235	11,572	11,919	12,277
Other Costs (inc. Catering and SLAs)	69,266	65,462	64,042	65,852	67,716
Income (inc. Lettings)	(13,444)	(14,350)	(19,350)	(19,350)	(19,350)
Total Net Expenditure	500,699	395,679	363,560	352,924	351,462
Formula Allocations	370,911	318,275	265,350	273,441	266,723
Other Grants	44,700	47,895	41,926	42,533	41,846
Budget Surplus/(Deficit)	(85,088)	(29,509)	(56,826)	(37,518)	(42,893)
Balances B/F Surplus/(Deficit)	46,832	(38,255)	(67,763)	(124,589)	(162,107)
Balances C/F Surplus/(Deficit)	(38,255)	(67,763)	(124,589)	(162,107)	(205,000)

School funding is awarded one year in arrears, so funding for 2020/21 is based on the 2019/20 pupil census, 2021/22 funding is based on the 2020/21 pupil census, and so on.

Table 2: St Teresa's School Projected Pupil Numbers

	Funding 2020/21 (Census Oct-19)	Funding 2021/22 (Census Oct-20)	Funding 2022/23 (Census Oct-21)	Funding 2023/24 (Census Oct-22)
Reception	17	7	15	15
Year 1	13	17	7	15
Year 2	18	13	17	7
Total	48	37	39	37

(Proposed roll of 37 from September 2020 although 11 pupils have requested in-year admission to other schools with vacant places)

The funding for St Teresa's in 2020/21 is based on the October 2019 census of 48 pupils. The school is estimated to have an in-year funding shortfall of £29.5k. Added to the deficit in 2019/20 of £38.2k, the cumulative deficit would increase to £67.7k at the 31st March 2021.

- 4.6 School Admissions have confirmed the Reception intake for September 2020 is 7 pupils, which combined with the Year 1 and Year 2 pupils means the 2020/21 school roll will be 37. This would translate into an estimated in-year funding gap for 2021/22 – assuming the revised staffing plan can be implemented and there are no changes to revised non-pay costs – of £56.8k. The cumulative deficit will increase to £124.5k at the 31st March 2022.
- 4.7 It is acknowledged that concerns about the school closing may have further exacerbated the drop in pupil numbers and it is hoped that through the Governing Body's promotion of the school that pupil numbers will increase.
- 4.8 The budget for 2022/23 is based on an estimated school roll of 39 in October 2021. The in-year budget gap is forecast to be £37.5k which means that the accumulative deficit is forecast to increase to £162k by the 31st March 2023.

- 4.9 In 2022/23 projected pupil numbers are 37, the in-year budget shortfall is forecast to be £42.9k and the accumulative deficit is estimated to reach £205k by the 31st March 2024.
- 4.9.1 The Governors' financial plan is based on a best-case scenario that assumes no unforeseen cost increases, local or from Government, and each reception intake at the maximum of 15 from September 2021.
- 4.9.2 If the assumptions regarding per pupil funding and fixed costs remain the same, from 2024/25 St Teresa's would be full – with 15 pupils in each infant year group and a total roll of 45. The school would still set an in-year deficit of £11k for the year and the overall deficit would grow to £216k. There is no financial plan that has been provided by the Governing Body that provides any headroom to start to payback the accumulated deficit.
- 4.9.3 The Governing Body have indicated that they have plans moving forward to further mitigate costs, including a review of administrative and non-teaching staff but to date the options, and any possible cost reduction, have not been shared in sufficient detail to assure the Local Authority.
- 4.9.4 The budget plan provided by the Governing Body includes the leasing out of part of the school to a third-party provider to set up a new 2-year old nursery provision at the St Teresa's school site which according to their assumptions will generate income of £15k per annum. However, the latest early Years Census data shows that there are at least 131 vacancies currently within existing 2-year old settings in Southport.
- 4.9.5 If Members agree to allow St Teresa's to continue to operate then the School will need to apply for a licensed deficit budget agreement from the Council. The financial plan would need to be signed off by the Executive Director of Children's Social Care and Education (in the statutory role of DCS) and the Executive Director of Corporate Resources and Customer Services (the Council's Section 151 Officer) who would need to be satisfied as to the adequacy of the educational provision within school and the robustness of the financial proposals presented by the Governing Body. The financial deficit agreement would also require the school to adhere to and operate within a financial framework and limitations set out by the local authority.
- 4.9.6 The school will operate under a Notice of Concern during any licensed deficit budget agreement in order to safeguard the financial position of the School and the Local Authority. The Notice will remain in force until the School no longer requires a licensed deficit agreement to support its budget commitments.

5 Standards

- 5.1 St Teresa's Catholic Infant School was rated good at their last Ofsted inspection.

6 Pupil Places

- 6.1 St Teresa's Catholic Infant School has 90 places and there were 48 pupils on roll in the main school and 9 in the nursery as at the October 2019 School Census

which means they had 47% surplus places. As at January 2020 School Census there were 47 pupils in the main school and 11 in the nursery.

7 Statutory Proposal

- 7.1 A statutory proposal should be published within 12 months of the initial consultation period being completed so it can be informed by up to date feedback. The consultation period for St Teresa's Catholic Primary School ended on 6th December 2019. This means that if the school is not successful the Council would have to restart the consultation process

8 Mitigating Circumstances

- 8.1 St Teresa's Governing Body has appealed to Cabinet to be allowed to continue and have given assurances that they can make their plan work. They have plans to further mitigate costs. If they are not successful in achieving a balanced budget the risks are a significant financial debt to the Council for which we have no provision so any deficit would have to be offset from Council reserves. The situation would have to be carefully monitored and regular updates will be shared with the Lead Member for Schools, Safeguarding and Families.