

Schools Requiring Special Support

1. The criteria which are used to identify schools requiring special support are intended to enable the Local Authority to target co-ordinated assistance at those schools which, at certain times, need more support than can be provided for the generality of schools under normal arrangements. The criteria is grouped together in six categories.

2. When a school is placed on the list of schools requiring special support, the headteacher and chair of governors will have been informed verbally of the reasons in advance, and this will be confirmed in writing.

3. The list of schools requiring special support is not a public document, although where schools have been identified by Ofsted as having serious weaknesses the information is in the public domain. In relation to the other categories under which schools may be placed on the list (subject to the guidance in 4 below), the Local Authority expects the headteacher and chair of governors to make the matter known within the school since the purpose of the arrangements is to support schools in addressing agreed targets for improvement. The governing body will generally be involved in monitoring the progress made towards the agreed targets.

4. Where schools have been identified as requiring special support on grounds relating to certain Human Resources issues, there will need to be careful consideration of the extent, if any, to which information can be shared. Where the school is overstaffed or subject to re-organisation proposals, the information should already be known to staff and governors. However, where the Human Resources or other difficulties relate to potential competence or disciplinary matters, the information should not be shared with staff, parents or other governors, since there is scope for prejudice to any subsequent proceedings which may be required. If necessary, further guidance should be sought from the Local Authority (and, where appropriate, from the Diocesan/Church Authority) in such cases.

5. Teacher associations are informed, in confidence, of the schools on the list and, in the case of church schools, there is also communication with the appropriate Diocesan/Church Authority.

*Note: The term schools includes short stay schools

1.0 School Improvement Challenge Board

No school is placed on the list of schools requiring special support without the approval of the School Improvement Challenge Board (SICB). If a school considers that it meets the criteria for inclusion on the list and should be recommended for inclusion on the list of schools requiring special support, an approach should be made to the school adviser. The final decision rests with the Local Authority, through the SICB. If a school considers that its proposed inclusion on the list is inappropriate or that it should be removed from the list, the school should write to the chair of the SICB.

1.1 Guidance for providing Financial Support to Schools

The Lancashire Schools Forum has agreed the criteria whereby financial support will be provided to schools from the Schools in Financial Difficulty (SIFD) budget. The formula and assumptions used in this assessment will be reviewed annually by the Forum.

This applies to all funding decisions agreed by the School Improvement Challenge Board, e.g. contracts, additional funding bids, associate and acting arrangements but excluding termination of employment costs including severances (see below)

It should be noted that the Schools in Financial Difficulty Budget (SIFD) will not be used to pay off a school's deficit budget.

Where a school has a deficit balance or forecasting to move into deficit by 31 March it must comply with the following conditions, if any of the following conditions are not met or do not continue to be met by the school then it will be deemed that the school is not working with the authority and any or all financial support not allocated or committed from SIFD can be removed and any payments stopped. The burden of proof of meeting these conditions is on the school and not the authority.

- Income and Expenditure return submitted before May half term
- Approved Recovery Plan with the Local Authority by 30 June
- Termly I&E submission with a revised forecast closing balance received by the authority within one calendar month of the end of term
- Termly management accounts that are submitted to the governing body received by the authority within one calendar month of the end of term.
- Submitted outturns meet or are better than approved plan. If not then an action plan to address this must also be submitted. Procedures are in place to challenge schools where the approved recovery plan is not on target.

1.2 Calculation of the level of the support funding for Schools in Financial Difficulty

Financial support will be provided to schools where their reserves are insufficient for the school to meet the full cost of the intervention or restructuring costs themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make.

The formula for Schools in Financial Difficulty (excluding termination of employment costs)

Schools are in deficit or have a surplus balance below their floor balance:

- The full cost of the support will be met from the Schools in Financial Difficulty budget.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - 50% of their balance above their floor balance
- Any difference between the school contribution and the cost of the support will be met by the Schools in Financial Difficulty budget.

Schools have balances above their ceiling balance:

- Schools will pay the lower of:
 - The full cost of the support, or
 - The balance above their ceiling balance, plus 50% of their balance above their floor balance and ceiling balance
- Any difference between the school contribution and the cost of the support will be met by the Schools in Financial Difficulty budget.

For the purpose of this formula

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income;
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income;
- The level of support from the Schools in Financial Difficulty budget will be calculated on the basis of the year end position in the preceding financial year.

This is summarised in the table below:

When the School Balance at the end of the previous financial year is	Maximum contribution from the school will be the lower of full cost of the support or
Below Floor Balance: less than £20,000 or below 1% of CFR income	Nil
Below Ceiling Balance: £60,000 or 4% of CFR	50% of the balance between floor and ceiling balance
Above Ceiling Balance	100% of balances above ceiling balance plus 50% of the balance between floor and ceiling balance

1.3 When the final outturn for the current financial year is known:

- Any allocation made to Schools in Deficit or Schools in Surplus that qualify for support under the agreed formula will not be reduced.
- A school that has moved into financial deficit at the end of the year or has less than £20,000 will have its bids recalculated. Any additional support required, after applying the agreed formula to the final outturn will be funded to the school before financial close.
- Interest charges in relation to deficits will be refunded to schools in deficit before financial close.
- Where a school is in deficit and provides evidence that it has met all conditions to indicate it is working with the authority then the charges for support from LCC's Schools Financial Services will be refunded back to the school before financial close.

2.0 Guidance for Termination of Employment costs

Background

Termination of employment costs / Premature Retirement Cost (PRC) are funded separately to the above Schools In Financial Difficulty (SIFD) allocations. This is due to independently identified Central Expenditure Budgets, delegation of funding from the Central Expenditure Limit and the timing of data and costs.

Changes by the Department of Education (DfE) funding of Termination of Employment costs means these have been delegated from the Central Expenditure Limit. Lancashire Schools Forum has agreed to de-delegate both SIFD and Termination of Employment costs as a single budget amount. This means that allocations for both SIFD and Termination of Employment costs must not exceed the total de-delegated for this purpose.

Termination of Employment costs are distinct from Financial Difficulty support in that there are a mix of costs that can be chargeable in different ways and usually a lack of certainty to facilitate accurate forecasts for outcomes and costs when requests are made.

2.2 Termination of Employment cost principals

Principals relating to the allocation of charges for Termination of Employment costs.

- Termination of employment costs (VR, CR) are to be borne by the individual school unless the relevant School Improvement Challenge Board (SICB) criteria are met and agreed by SICB in advance.
- Financial support for severances including the severance payment value must have prior HR approval.
- Termination of employments should have a pay-back period of less than one year, showing a saving in school within a year.
- Pension strain for non-teaching staff:
Should not be allocated from the SIFD budget, instead this should be chargeable to Lancashire County Council unless agreed otherwise by SICB.
- Costs relating to severances:
Costs for a member of staff who is not performing as required is only chargeable to the SIFD budget where a saving is generated to the schools budget. Where costs exceed savings then the excess cost should be chargeable to Lancashire County Council.

In cases where the School Improvement Challenge Board agree to provide full or partial financial support to a school with termination of employment costs, the provision of support is conditional upon the following terms:

- i) That there will be no replacement of the post (unless a business case is presented to SICB and approved);
- ii) There will be no re-employment of the individual in any capacity;
- iii) Any overstaffing situation is not resolved through other means prior to the termination date;
- iv) SICB are consulted by the school via a business case on any occasion when the school wishes to advertise or fill a vacancy for two full academic years after the termination date of the agreed case.

2.3 Calculation of the level of the support funding for Termination of Employment costs

As terminations of employment will commonly create on-going savings to a school, requests for funding for Termination of Employment costs will not be assessed in connection or accumulated with any contribution to SIFD financial support as in sections 1.1 to 1.3 above. In addition any financial support provided for Termination of Employment will not be recalculated or adjusted at year end for any changes in school balances*.

Financial support will be provided to schools where their reserves are insufficient for the school to meet the full cost themselves. To ensure fairness and equity across all phases and size of schools, the following formula will be used to determine the contribution the school will be required to make.

The formula for termination of employment costs

Schools are in deficit or have a surplus balance below their floor balance:

- Schools will pay 20% of the termination costs.
- The Schools in Financial Difficulty budget will meet the remaining 80% of the termination costs.

Schools have balances above their floor balance but below their ceiling balance:

- Schools will pay 50% of the termination costs.
- The Schools in Financial Difficulty budget will meet the remaining 50% of the termination costs.

***Schools have balances above their ceiling balance:**

- Schools will pay 80% of the termination costs.
- The Schools in Financial Difficulty budget will meet the remaining 20% of the termination costs.

*where schools have balances above their ceiling balance SICB reserve the right to recharge any Schools in Financial Difficulty contributions towards VR, CR or severances made during the year if balances remain above their ceiling balance at the end of the current year.

For the purpose of this formula

- A school's floor balance is set at the greater of £20,000 or 1% of CFR income;
- A school's ceiling balance is set at the greater of £60,000 or 4% of CFR income;
- The level of support from the Schools in Financial Difficulty budget will be calculated on the basis of the year end position in the preceding financial year.

This is summarised in the table below:

When the School Balance at the end of the previous financial year is	Contribution from the school will be
Below Floor Balance: less than £20,000 or below 1% of CFR income	20%
Below Ceiling Balance: £60,000 or 4% of CFR	50%
Above Ceiling Balance	80%