

BOTTISHAM MULTI ACADEMY TRUST'S PROPOSED SPONSORSHIP OF THE NETHERHALL SCHOOL – UPDATED 19th JANUARY 2016

To: Children and Young People Committee

Meeting Date: 19 January 2016

From: Adrian Loades, Executive Director: Children, Families and Adults Services

Electoral division(s): Queen Edith's and Woodditton

Forward Plan ref: Not applicable **Key decision:** No

Purpose: The Committee is being asked to consider the funding strategy for Bottisham Multi Academy Trust's (BMAT) proposed sponsorship of The Netherhall School in Cambridge.

Recommendation: The Committee is asked to agree the additional spend of between £100k and £150k of budget to secure BMAT's sponsorship of The Netherhall School, in addition to the estimated £34k that the Local Authority (LA) is required to spend to clear The Netherhall School's deficit at the point of conversion to a sponsored academy.

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1.0 BACKGROUND

- 1.1 The Netherhall School is an 11-18 Foundation (LA maintained) school in Cambridge. It has approximately 1100 pupils on roll, including 230 in the sixth form.
- 1.2 In November 2012 the school was graded as 'Requires Improvement' by Ofsted. In March 2014, the LA issued a Notice of Concern relating to the 'Financial Management and Deficit Position of the School'. When the school was re-inspected in June 2014 it was again judged 'Requires Improvement'.
- 1.3 The LA commissioned Bottisham Village College, judged 'outstanding' by Ofsted, to provide support for The Netherhall School. This arrangement was continued when the headteacher of The Netherhall School left in January 2015.
- 1.4 This support has been highly effective. On 1st December 2015 Her Majesty's Inspectorate (HMI) carried out a monitoring inspection. The report noted that the proportion of pupils achieving five or more A* to C grades at GCSE including English and mathematics increased on the previous year by four percentage points and was well above the national average of one percentage point. The school has also closed the gap in attainment between disadvantaged pupils in the school and other pupils nationally to 7%, compared to 28% in the previous year.
- 1.5 The report concluded, 'The school has worked in close partnership with the proposed sponsor, Bottisham Village College. Many of the successful initiatives are being currently used in Bottisham, but have been suitably adapted to meet the needs of The Netherhall School'.
- 1.6 In January 2015 the Governing Body of The Netherhall School voted to become a sponsored academy. Subsequently, they selected Bottisham Multi Academy Trust (BMAT) as their preferred sponsor.

2.0 MAIN ISSUES

- 2.1 BMAT, as part of their due diligence, raised concerns in June with the LA about potential liabilities going forward, because of the need to:
- complete the second year of a re-structure of staffing in 2016/17, to secure an affordable staffing structure that meets the needs of the curriculum;
 - enhance senior leadership capacity;
 - address infrastructure concerns (there has been an historic under-investment in IT and the heating system is at the end of its expected lifespan);
 - develop the viability of the sports centre; and
 - reverse the dip in pupil numbers, including the sixth form.
- 2.2 LA Officers entered into discussions with BMAT to agree the potential liability and to develop a funding strategy to secure BMAT's sponsorship of The Netherhall School.
- 2.3 BMAT has led two re-structures, and taken a range of other actions, to address Netherhall's financial issues. As a consequence, the school's 2015-

16 projected deficit of just over £1 million has been reduced to an estimated £34k as at January 2016.

- 2.4 The LA has agreed BMAT's forecast deficit of between £600k and £650k for 16/17 and 17/18 combined, driven by estimates of pupil numbers, which do not recover to a financially sustainable numbers until 18/19.
- 2.5 In June 2015, Schools Finance submitted a disapplication request to the Department for Environment (DfE) to allocate up to £500k of Dedicated Schools Grant (DSG) carry forward to support the school on a one-off basis with conversion costs. This request was approved.
- 2.6 With agreement secured about the level of future liability, a second request was submitted to the DfE for a further disapplication of up to £500k. This request was declined and the reason given was 'the DfE does not consider requests relating to 2017/18, the school and sponsor may have time to respond or avoid projected liabilities and the request has not been considered by the schools forum, this is concerning as a large sum is being spent on one school'.
- 2.7 The LA is disappointed with the DfE's position because:
- analysis supports the liability identified by BMAT;
 - an element of phasing has been built into the LA's proposed funding strategy, so that if Netherhall's roll recovers above an agreed number, the 2017/18 payment will be reduced;
 - the liability will remain regardless of who sponsors the school, or if it were to remain in LA control; and
 - it places at risk the sponsorship by a proven, high quality Trust that has done so much to turn round the fortunes of the school
- 2.8 With regards to the element of phasing described above, there remains the strongest of incentives for BMAT to increase The Netherhall School's roll because they would have sole responsibility for The Netherhall School's financial performance from 2018/19 onwards.
- 2.9 Academy Trusts are companies limited by guarantee and exempt charities and they cannot enter into a funding agreement with liabilities that might threaten their financial viability. The Academy Trust is responsible for ensuring that the Trust's funds are used only in accordance with the law, its articles of association, its funding agreement and the Academies Financial Handbook. In particular, Academies must set a balanced budget, which is monitored by the Education Funding Agency (EFA).
- 2.10 The LA agrees with the Directors of BMAT that the level of funding required to secure the successful conversion of The Netherhall School would place the Trust at an unacceptable level of financial risk. This would be the case for any other Trust sponsoring The Netherhall School, and the liability would sit with the LA were the school to remain in LA control.
- 2.11 In summary, the total funding required to secure BMAT's sponsorship of The Netherhall School is made up of the 2015-16 deficit of an estimated £34k and the forecast deficit of between £600k and £650k for 16/17 and 17/18 combined, i.e. £634k - £684k, depending on the final numbers of students on

roll in the October 2016 census.

2.12 The funding available is the £500k approved by the DfE which results in an estimated funding gap of £134k – £184k. The LA is responsible for writing off the school's deficit at the point of conversion, currently estimated to be £34k leaving a final 'gap' of between £100k and £150k.

2.13 It is proposed that CFA can meet this funding gap of £134k – £184k from a combination of in-year revenue underspend and reserves, given the improvement in its 2015/16 outturn position.

- Any year-end revenue underspend within CFA (up to the required amount) to contribute towards the £134k-£184k.
- Year end review of CFA Earmarked reserves to be undertaken to identify available contributions towards any remaining shortfall.
- If any shortfall remains request to be submitted to GPC for transfer from Corporate Reserves.

This would be a one off expenditure (with £50k held back depending on the final numbers of students on roll in the October 2016 census) and would therefore not be a pressure in future years. The LA would have no further responsibility for The Netherhall School's finances.

3.0 ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

3.1.1 The following bullet points set out details of implications identified by officers:

- Improved educational outcomes will provide a more highly skilled workforce.
- The availability of good quality schools is believed to be a factor influencing companies' location decisions.

3.2 Helping people live healthy and independent lives

3.2.1 The following bullet point sets out details of implications identified by officers:

- There is a positive correlation between educational outcomes, standards of health and independent living.

3.3 Supporting and protecting vulnerable people

3.3.1 The following bullet point sets out details of implications identified by officers:

- Education plays a key role in addressing this corporate priority. For example, children growing up in poverty in Cambridgeshire are nearly three times more likely to not be in employment, education or training beyond the age of 16.

4.0 SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

4.1.1

- The report sets out details of significant resource implications in paragraphs 2.11, 2.12 and 2.13 above.

- It should be further noted that the liability will remain regardless of BMAT's decision as to whether or not to proceed with their sponsorship. This will sit with the LA for as long as Netherhall remains a maintained school and securing a new sponsor should BMAT withdraw their proposed sponsorship will involve the LA in additional Officer time and expense.

4.2 Statutory, Risk and Legal Implications

- 4.2.1
- The Education and Inspections Act 2006 places on LAs a duty to promote high standards and the fulfilment of potential in all schools.
 - The high quality of BMAT's support for Netherhall has been independently verified by HMI (see paragraph 1.6 above) and the progress of the school towards good and outstanding will be jeopardised if BMAT withdraws its sponsorship.

4.3 Equality and Diversity Implications

- 4.3.1
- The following bullet point sets out details of implications identified by officers:
- The vulnerable groups who make poor educational progress include those covered by the protected / significant characteristics of race and deprivation, e.g. Gypsy, Roma Traveller and Free School Meals.

4.4 Engagement and Consultation Implications

- 4.4.1
- The Governing Body of The Netherhall School has consulted with the parent community on the proposed sponsorship of the school.

4.5 Localism and Local Member Involvement

- 4.5.1
- The Local Member has been informed of the issues facing The Netherhall School and the actions the LA has been taking.

4.6 Public Health Implications

- 4.6.1
- The following bullet point sets out details of implications identified by officers:
- Improved educational outcomes will have a positive impact on standards of public health.

Source Documents	Location
The Netherhall School Section 8 Monitoring Report 1 st December 2015	http://reports.ofsted.gov.uk/inspection-reports/find-inspection-report/provider/ELS/110873