

27 March 2019

Report from the Cabinet



Purpose of the Report

To provide information to the Council on issues considered by the Cabinet on 13 March 2019 to enable Members to ask related questions.

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- 1. Review of School Provision – Wolsingham School & Sixth Form: Future Options for education in the Weardale community [Key Decision: CYPS/03/2019]
Deputy Leader of the Council and Cabinet Portfolio Holder –
Councillors Alan Napier, and Olwyn Gunn
Contact – Phil Hodgson 03000 265842**

We have considered a joint report of the Corporate Director of Children and Young People's Services and the Corporate Director of Resources which provided details of the work that has been undertaken as part of the review of education provision in County Durham which was agreed by Cabinet on 15 November 2017.

The report outlined the funding challenges that all schools face which are particularly pronounced for schools in rural settings which have fewer than 600 pupils (the Department for Education threshold for viability), which would include Wolsingham School which is a relatively small secondary school in rural Weardale.

The school was refurbished in 2016 at a cost of £7.4 million to remove the split-site and to address significant condition issues, which had been exacerbated by the delay and ultimate withdrawal of the Building Schools for the Future Programme. The school currently has an estimated deficit balance at 31/3/19 of £1.7m.

While pupil numbers are increasing (with the school set to have admission requests exceeding its Published Admission Number (PAN) in 2019 through attracting pupils from outside the Pupil Planning area)) and while actions are being taken by the leaders of the school to reduce expenditure, further steps are required to ensure the school is able to repay the accumulated deficit.

The new Head Teacher (appointed in September 2018) is working with his governing body to explore all options to address the accumulated deficit. Importantly this includes actions to bring the school into an “in year” balanced position by 2021/22 which is essential given the current unsustainable financial position of the school. Schools can only set a budget with an in-year deficit, providing that they have sufficient surplus balance (reserves) carried forward to do so.

Where this is not the case (i.e. its carried forward reserves are less than the amount required to off-set the in-year deficit), a school must have permission from the s.151 Officer. The s.151 Officer has to have evidence that a deficit recovery plan is in place.

The respective duties and responsibilities of schools and local authorities are determined by local schemes of delegation, prepared in line with statutory guidance. The scheme of delegation allows for deficit budgets, but only for three years, and no more than 20% of the school's budget share, up to a maximum of £750,000. Wolsingham School & Sixth Form is in breach of this requirement and has been given permission to operate outside the scheme of delegation whilst the outcome of the National Funding Formula was determined and to enable the wider review of school provision to be completed. This balanced approach is in the best educational interests of the children that attend the school, however action does need to be taken as the setting of on-going deficit budgets and the legacy deficit balance need to be addressed.

Had the Council insisted on Wolsingham School & Sixth Form balancing its budget, it is probable that as many as 10 teaching posts would need to be removed from the current staffing structure. If such action had been required, the school would not have been able to fulfil its GCSE National Curriculum commitments. This would inevitably have resulted in a reduction in educational attainment, accelerated reductions in pupil numbers and ultimately difficulties in terms of the school's Ofsted rating,

which in turn would have led to a worsening of its financial difficulties at a time when an area wide review was being undertaken.

The report outlined the steps taken since Cabinet agreed to a strategic countywide review of educational provision in November 2017, including consultation and discussion undertaken with school leaders and governors from Weardale's primary schools, as well as with the secondary school. The report detailed the budget position of schools, staffing, actual and projected pupil numbers, and related factors that affect options available to secure a sustainable and good quality educational provision in Weardale.

The report outlined the thorough consideration of all options and the viability of each for further consideration either by the Council or by the schools and their communities. This led to a conclusion that there are only two real long term sustainable solutions to the issues relating to the financial viability of Wolsingham School & Sixth Form:

- (a) the creation of a Federation of several schools with pooled resources, or
- (b) Wolsingham School & Sixth Form becoming part of a Multi Academy Trust (MAT), either with a sufficient number of feeder primaries or with other schools.

The delivery of the outcomes from these options is not necessarily within the local authority's remit which means that the local authority will need a high degree of confidence that any proposals agreed are deliverable and will result in the financial and educational outcomes that are required being achieved. The creation of a Federation of schools, has been preferred by some school leaders but most interest is in a 'soft' federation which is an informal arrangement that carries significant risk, not least the risk that individual schools may not make the difficult decisions that are required to assist Wolsingham to reach a balanced budget position. Further time will be required for Council officers to work with school leaders and governors to assess the potential for this idea to be fully developed as a viable option.

Wolsingham School and Sixth Form becoming part of a MAT would also be outside of the council's sphere of influence, and would be subject to the agreement of the Regional Schools Commissioner. To date this option has not been widely supported by the leaders of schools in the area, however it would allow economies of scale to be realised, which could make the school financially sustainable. The accumulated deficit would not be transferred to the MAT and the council would need to write-off the historical deficit budget balance from its General Fund in this scenario, which would have the effect of providing the school with a "clean slate".

Failing either of the above options being taken forward, the council would have no option but to consider a managed closure. The wider implications of federation, academisation or closure were covered in detail in the report.

Decision

We have noted progress made to date, and:

- (a) noted that the review identified that there are two realistic solutions to the issues relating to the financial viability of Wolsingham School & Sixth Form: the creation of a federation of several schools with pooled resources or Wolsingham School becoming part of a MAT;
- (b) noted that officers will support the primary schools and secondary school in Weardale to consult further on forming a federation in order to establish a single staffing structure across all or most schools that could, through economies of staffing and other resources, lead to financial sustainability and the provision of all age education in this rural setting;
- (c) noted the work of the school to deliver an “in year” balanced budget position by 2021/22 but that arrangements for eradicating the historical deficit will need to be agreed depending on the longer term option that is agreed in relation to either federation or academisation.
- (d) noted that the school is currently undertaking due diligence and considering its position with regards to either federation or academisation, and has committed to making its decision by 31 July 2019;
- (e) noted that in the event that none of the two options as set out in this report (federation or academisation) are taken forward, managed closure of Wolsingham School and Sixth Form will become the only alternative option that is available.

2. Forecast of Revenue and Capital Outturn 2018/19 – Period to 31 December 2018 **Deputy Leader of the Council- Councillor Alan Napier** **Contact – Jeff Garfoot- 03000 261946**

We have considered a report of the Corporate Director of Resources which provided information on the:

- (a) updated forecast revenue and capital outturn for 2018/19;
- (b) updated forecast for the council tax and business rates collection fund position at 31 March 2019;
- (c) updated forecast use of earmarked, cash limit and general reserves and estimated balances to be held at 31 March 2019.

The report also sought approval of the budget adjustments and proposed sums outside of the cash limit.

The 2018/19 updated projected revenue outturn is a cash limit underspend of £3.530 million plus an overachievement of core government grant and underspend on all other budgets of £3.144 million. This total net underspend of £6.674 million represents 1.6% of the net expenditure budget of £417.762 million.

Total earmarked and cash limit reserves (excluding school reserves) are forecast to reduce by £6.188 million in 2018/19, from £201.284 million to £195.096 million. The updated projected capital outturn is £103.819 million.

The estimated outturn for the Council Tax Collection Fund is a surplus of £1.704 million, which is broadly in line with the surplus declared in November of £1.716 million. Durham County Council's share of this forecasted surplus is £1.437 million, which is broadly in line with the declared share of £1.447 million and available to support the 2019/20 budget.

The estimated outturn for the Business Rates Collection Fund is a surplus of £1.648 million Durham County Council's share (49%) of this estimated surplus is £0.808 million which is available to support the 2019/20 budget.

Decision

We have:

- (a) noted the council's overall financial position for 2018/19;
- (b) agreed the proposed 'sums outside the cash limit' for approval;
- (c) agreed the revenue and capital budget adjustments;
- (d) noted the forecast use of earmarked reserves;
- (e) noted the forecast end of year position for the cash limit and general reserves;

- (f) noted the position on the capital programme and the Collections Funds in respect of Council Tax and Business Rates.

3. Annual Review of the Constitution
Leader of the Council– Councillor Simon Henig
Contact – Helen Lynch 03000 269732

We have considered a report of the Head of Legal and Democratic Services which presented proposals for the revision of the Council's Constitution.

The Council's Constitution describes the four methods which the Council operates: the Council, the Executive, Overview and Scrutiny and the Committees. It also provides the framework within which each must operate by, including:

- (a) the rules and procedures to be followed by the Council and committees when conducting their business;
- (b) the decision making powers of the Council, Executive, Committees and Officers;
- (c) the financial and contract regulations;
- (d) the rights of the public;
- (e) codes of conduct for councillors and employees;
- (f) members' allowances.

The annual review of the Constitution for 2019 will be considered by Council at its annual meeting in May 2019.

Decision

We have:

- (a) approved the delegation of executive powers as set out in the proposed amendments to the officer scheme of delegation at paragraph 16 of the report:
- (b) recommended that Council agree the proposed revisions to the Constitution at its annual meeting on 22 May 2019.

**4. County Durham Health and Social Care Plan update
Cabinet Portfolio Holder– Councillor Lucy Hovvels
Contact – Helen Lynch 03000 269732**

We have considered a report of the Corporate Director of Adult and Health Services which provided an update on the Integration of Health and Social Care in County Durham as outlined in the report to Cabinet in April 2018, which described a developing Health and Social Care Plan for the County. The report provided a progress update on the development on an Integrated Strategic Commissioning function.

In April 2018, a joint report was presented to Cabinet and to the Governing Bodies of both North Durham and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups (CCGs) which outlined a proposed direction of travel in developing a Health and Social Care Plan for County Durham.

The report described 3 key elements.

- (a) A new Integrated Governance Framework;
- (b) An integrated provider model for community services; and;
- (c) A proposed Joint Strategic Commissioning Function

The NHS Long-Term Plan, which was published on the 7 January 2019, supports the direction of travel underway within the County. It is clear that integration of Health and Social Care continues to be the direction of travel within the NHS Long-Term Plan. Since April 2018, considerable progress has been made in moving forward with the Integration of Health and Social Care in County Durham. This has resulted in:

- (a) Established Primary Care Networks (PCN) which will make practices more resilient at a time when Primary Care is in crisis from a workforce point of view. PCN's are now in a central position, to help support and influence local commissioning activity.
- (b) The PCN model expanding to include paramedics, Improved Access to Psychological Therapy Services, the voluntary sector and pharmacists.
- (c) PCNs have already taken on additional work that used to be performed in secondary care, providing it closer to patients own homes and in a more cost effective way.
- (d) Teams Around Patients (TAPs) involving Mental Health, Community Nurses, GPs and Social Workers providing proactive care and support to promote independence.
- (e) TAPs already improving the care of people in care homes and are reducing hospital lengths of stay and hospital re-admissions.
- (f) Improved relationships and communication between GPs and community services, with reduction of duplication in the system.

Changes to CCG configuration create uncertainty and may impact on progression of local plans but given there is limited detail on this and the fact that there is stability and positive relationships locally it is important to continue to progress.

Decision

We have:

- (a) Noted the progress made in integrating Health and Social Care since April 2018;
- (b) Noted that this report will also be presented to the Governing Bodies of both North Durham and Durham Dales, Easington and Sedgefield Clinical Commissioning Groups;
- (c) Endorsed the direction of travel in relation to the development of an Integrated Strategic Commissioning Function;
- (d) Agreed the principles upon which an Integrated Strategic Commissioning model will be based;
- (e) Agreed to receive further reports on Options for an Integrated Strategic Commissioning Function.

Councillor S Henig
Leader of the County Council

19 March 2019