

Cabinet

8th July 2020

St Bede's RC Comprehensive, Peterlee

**Key Decision No.
CYPS/08/2020**



Report of Corporate Management Team

John Pearce, Corporate Director of Children and Young People's Services

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Councillor Olwyn Gunn, Portfolio Holder for Children and Young People's Services

Councillor Alan Napier, Portfolio Holder for Finance

Electoral division(s) affected:

All

Purpose of the Report

- 1 To provide an overview and update of educational aims and plans for academisation and catholic education in the Diocese of Hexham and Newcastle alongside the priority schools in their conversion strategy.
- 2 To review the financial impact of the academy conversion of the last maintained Roman Catholic (RC) secondary school, St Bede's RC Comprehensive in Peterlee and its conversion to join the Bishop Chadwick Catholic Education Trust.
- 3 To make recommendations with regards to the treatment of the accumulated financial deficit of this school at the point of conversion.

Executive summary

- 4 St Bede's RC Comprehensive in Peterlee has been supported by Northern Saints Academy Trust (now Bishop Chadwick Catholic Academy Trust) since January 2015.
- 5 Failure to attract an appropriate candidate for the headship in 2015 meant that the council needed to secure temporary leadership support from St Wilfrid's RC school in South Tyneside, part of the Northern

Saints Academy Trust. The support required was significant and has extended well beyond the original intended temporary period and remains in place.

- 6 Any closure of a faith school of this size and in this locality would place significant strain on pupil placement in other faith and non-faith schools. Pupil-place planning data shows there is insufficient spare capacity in County Durham to disperse all pupils to existing schools within reasonable travelling distance of home. These exceptional circumstances have meant that sustainability of the school, from an educational and finance perspective, has been critical.
- 7 Due to the specific circumstances of the school and the risks to the continuing provision of suitable school places in the area, the Council has worked with the school on the financial risks it has faced. This has included agreement for the school to set a deficit budget on the basis that it considered alternatives for a longer-term sustainable model of provision. The estimated deficit at 1st October 2020 when conversion is planned will be £1.6m. The increase in pupil numbers over the last three years will help to move the school to become more financially sustainable over the medium to longer term.
- 8 The executive leadership provided by St Wilfrid's had a significant impact upon accelerating the school's improvement journey in terms of Ofsted and performance league tables. This in turn has transformed pupil numbers, though there is a legacy of low pupil numbers that is still prevalent in years 10 and 11 from September 2020.
- 9 The work of the Executive Headteacher and the continuing support of St Wilfrid's was reflected in the April 2015 monitoring visit, and outcomes improved significantly across 2015. Outcomes also significantly improved in 2016 and the rapid improvement helped secure a good overall Ofsted inspection in February 2017. These were very positive steps on the school's improvement journey.
- 10 The school has continued to prosper and outcomes for 2019 were excellent in terms of progress and attainment ensuring that the school is a strong provider with some outstanding aspects of progress.
- 11 The Diocesan Academy policy plans aim to ensure that all 43 maintained Roman Catholic (RC) schools in County Durham will academise by July 2022. This ambition has not changed post the Covid outbreak.
- 12 Each of the RC schools in the North East will join one of four large continuing diocesan trusts. Existing catholic academies are also required to join one of these trusts and Durham schools have been

aligned to three of these trusts, according to their location. All the trusts are in the North East.

- 13 Secondary RC schools have been the priority for conversion. St Bede's RC Comprehensive in Peterlee is the last RC maintained secondary school. The other schools have all academised since 2011 and have now joined their new diocesan trust.
- 14 St Bede's RC Comprehensive did not convert with other diocesan secondary schools because of its financial position and an Ofsted Requires Improvement inspection in 2016, which had a significant impact upon the school's popularity with pupils and parents.
- 15 The scale of academisation brought about by the Diocesan Academy policy has reduced the financial risk of St Bede's joining Bishop Chadwick Trust, because the increase in the size of the trust will reduce the risk relative to trust resources. The trust now wishes to accelerate the academisation process, despite the school still operating an in-year deficit.
- 16 To enable the transfer to proceed, Bishop Chadwick Catholic Education Trust have requested the council to write off the school's cumulative deficit at the point of transfer. This reflects the significant support and time invested within the school and local community and secures the future of the School.
- 17 The report sets out the financial implications of this proposal and the earmarked school reserve that was set up to cover the financial risk of accumulated school deficits in these circumstances.

Recommendation

- 18 Cabinet is recommended to note the Diocesan Academy policy plans set out in the report, and agree the following:
 - a) To write off the accumulated deficit of St Bede's RC Comprehensive School at the point of conversion, in order to deliver a financially viable future for the school and sustainable education for the communities affected. The costs of writing off the deficits to be met from the Schools' earmarked reserve.
 - b) To note the Diocesan Academy Policy for Catholic Education and its impact on schools in County Durham.

Background

- 19 There are 43 Roman Catholic (RC) schools in County Durham – 39 primaries and 4 secondary schools. 5 primary schools and 3 secondary schools have already converted, leaving 1 secondary and 34 maintained RC primary schools in County Durham.
- 20 The published Diocesan Academy Policy is that all RC schools will be academies within four diocesan trusts by July 2022. Existing catholic academies are also required to join one of these trusts and Durham schools have been aligned to three of these trusts, according to their location. The four trusts are as follows:
- a) Bishop Chadwick Catholic Education Trust – covering schools in the east of Durham
 - b) Bishop Wilkinson Catholic Education Trust – covering schools in central Durham
 - c) Bishop Hogarth Catholic Education Trust – covering schools in the south of Durham
 - d) Bishop Bewick Catholic Education Trust – covering schools north of the Tyne. No schools in County Durham are aligned to this Trust.
- 21 The Bishop has asked that the chair and other foundation governors, work with the Diocesan Department for Education and with the regional trust to implement the Diocesan Academy Policy, thereby ensuring that Catholic education in the diocese is preserved, protected and developed for current and future generations.
- 22 The Diocese acknowledges the council's statutory educational and safeguarding responsibilities. The Diocesan Department for Education will continue to work collaboratively with the council to support them in these and to achieve the successful implementation of this policy. The Diocese has stated it would encourage trusts to use the services of local authorities where these demonstrate quality and value for money.
- 23 The decision to convert to academy status is one for the individual school Governing Body, which should have regard to any policy or guidance issued by or on behalf of the Bishop who wrote to all schools on the 19 December 2019 setting out his vision.
- 24 The principles behind the academisation plan are enshrined in the documentation associated with academisation, namely Model Articles of Association adopted by the Diocese of Hexham and Newcastle, the model Scheme of Delegation, and the Memorandum of Understanding.

- 25 The implementation of this policy will happen in two stages;
- **Stage 1:** consolidation of existing academies and trusts into one base trust.
 - **Stage 2:** conversion of remaining voluntary aided schools to academy status within their regional trust.
- 26 In respect of the cumulative deficits at the point of conversion, the responsibility for dealing with this depends on the circumstances under which the school becomes an academy. Schools that become academies either do so as convertors or as sponsored academies:
- A convertor is a school that chooses to become an academy.
 - A sponsored academy is one that is directed to become an academy by the Secretary of State. Sponsored academies are usually schools with an adverse Ofsted judgement, which does not apply to St Bedes RC Comprehensive School.
- 27 Where a school becomes a sponsored academy, DfE policy is that any cumulative deficit must be written-off by the local authority. Where a convertor has a cumulative deficit, the local authority can choose to write-off the deficit, but is not obliged to do so.
- 28 Whilst there are provisions which would allow an accumulated deficit to be taken on by a sponsor, no Multi-Academy Trust would agree to take on a school with a large accumulated deficit and would have concerns over schools with in-year deficit budgets. Financial due diligence is an integral part of the academisation process and would preclude a school with a large accumulated deficit, such as St Bede's, joining a Multi-Academy Trust.
- 29 As part of the Review of Education Provision the Council has an earmarked reserve set aside to cover the cost of writing-off deficits of schools converting to academies where the council must, or chooses to, write-off the deficit at the point of conversion. At 31 March 2020 the balance on this reserve was £7.7 million.
- 30 St Bede's RC Comprehensive, Peterlee remains the only diocesan maintained secondary school in County Durham. The other RC secondary schools have all converted to academy status over the last 8 years.
- 31 The current CEO of Bishop Chadwick Trust was appointed to support St Bede's in Peterlee in January 2015, following the school's inability to

- attract a suitable Headteacher and concerns regarding the performance of the school at that time.
- 32 The post of Executive Headteacher was created and around that time the school was inspected, achieving a 'Requires Improvement' grade based upon weak academic data from the previous year.
- 33 In the first year of the school's new leadership arrangements, they again tried to appoint a Headteacher but failed to attract somebody willing to take on a failing school with a significant fall in pupil numbers.
- 34 To add further capacity to the school alongside several staffing reductions, the Executive Headteacher brought in additional senior leaders from St Wilfrid's in South Tyneside to support and accelerate progress in the school. Whilst St Bede's RC Comprehensive School paid for the core senior leader team permanently in school, St Wilfred's provided a range of specialist staff on a free consultation basis over the course of three years to address school improvement priority areas. This included both senior leadership and middle leader expertise.
- 35 The work of the Executive Headteacher and the continuing support of St Wilfrid's was reflected in the April 2015 monitoring visit and outcomes improved significantly across 2015. "The Executive Headteacher and Head of School, worked swiftly to develop and implement an action plan to tackle the areas requiring inspection report" Ofsted April 2015. Outcomes significantly improved in 2016 and the rapid improvement helped secure a good overall Ofsted inspection in February 2017. "The Executive Headteacher's vision, ambition and high expectations have led to rapid improvement in all aspects of school life" Ofsted 8-9 February 2017.
- 36 The school has continued to prosper under the guidance of the Executive Headteacher. Outcomes for 2019 were excellent in terms of progress and attainment ensuring that the school is a strong provider with some outstanding aspects of progress.
- 37 Historically pupil numbers at St Bede's were adversely affected by the decision of The Academy at Shotton Hall to admit above their Pupil Admission number (PAN) over a three-year period, with as many as 60 extra children in their year groups admitted. This coincided with the increased popularity of Dene Community School following a Good Ofsted inspection in 2014.
- 38 Pupil numbers were initially slow to respond to the improvements that have been made. There has been significant work to develop the relationships with some of the Peterlee primary catholic schools. These improvements were noticed in the 2018 first choice applications which

increased significantly on previous years and with numbers predicted to continue to rise.

- 39 Whilst the Northern Saints Trust (Now Bishop Chadwick's Trust) have expressed an interest in taking St Bede's into their academy trust as far back as 2017, the financial situation and pupil number issues which have caused in-year deficits in terms of budget setting have held back the decision on the risk of an adverse impact upon the other schools within the trust. This was compounded by uncertainty with regards to the treatment of the accumulated deficit at the point of conversion.
- 40 Writing-off the deficit would be a one-off cost to the Council; however, it would facilitate the transfer, thereby retaining educational provision and community use of the newly built sports hall, all weather pitch and extensive playing field space. This would provide a basis for building a financially sustainable position for the school and Sixth Form going forward. It would also address the issue of the school continuing to operate in deficit without a sustainable recovery plan in line with Department for Education regulations.
- 41 Any closure of a faith school of this size and in this locality would put significant strain on pupil placement in other faith and non-faith schools. According to current pupil-place planning data there is insufficient spare capacity in County Durham to disperse all pupils to existing schools within reasonable travelling distance of their homes. The closure of the school would not therefore be within the educational interests of local children or local communities.
- 42 On joining Bishop Chadwick Catholic Education Trust, St Bede's will receive significant support from the Trust during its continuing financial recovery. This will support the school to financially recover and remain open for its catholic community as admission numbers catch up with the smaller year groups inherited between 2016-2018.
- 43 Staffing secondments will allow staff from other schools within its trust to provide teaching support where St Bede's currently has staffing need for which recruitment would be required otherwise. In year 1, the Trust is committed to underwriting the cost of seconded teaching/admin staff with a further contribution towards this cost in year 2. These factors would increase the deficit at point of conversion if delayed.
- 44 The financial support estimates provided by the Trust in relation to seconded staff amounts to £403,000 in year 1 and £165,000 in year 2.
- 45 One of the key conditions that Bishop Chadwick Catholic Education Trust has stipulated, is that the Council formally resolves to meet the

cumulative deficit of St Bede's RC Comprehensive School at the point of conversion.

- 46 The difficulties faced by the school have led to it having an accumulated deficit, which has built up over several years, shown in the following table:

St Bede's Accumulated Balance	£
Balance at 31 Mar 2014	336,000
In-year surplus or (deficit) 14-15	(186,000)
Balance at 31 Mar 2015	150,000
In-year surplus or (deficit) 15-16	328,000
Balance at 31 Mar 2016	478,000
In-year surplus or (deficit) 16-17	47,000
Balance at 31 Mar 2017	524,000
In-year surplus or (deficit) 17-18	(365,000)
Balance at 31 Mar 2018	159,000
In-year surplus or (deficit) 18-19	(640,000)
Balance at 31 Mar 19	(481,000)
In-year surplus or (deficit) 19-20	(919,000)
Balance at 31 Mar 20	(1,400,000)

- 47 The school's projected net expenditure to 30 September is £209,000, so the deficit at the point of conversion is likely to be circa £1.6 million.
- 48 Where schools choose to convert to academies, the default position is that the accumulated balance, whether a surplus or deficit, transfers to the academy trust. However, DfE guidance is that local authorities may choose to write-off all or part of a deficit where the deficit is a hindrance to the school converting.
- 49 The position is different for schools that become sponsored academies, because of an adverse Ofsted rating. Where schools that are becoming sponsored academies have a deficit, the deficit is required to be written-off as a charge to the local authority's general fund.
- 50 If the council chooses to write-off the deficit, this would be met from the School Reserve, set up for this purpose. The current balance on the fund is £7.7 million, but there are a number of schools in addition to St Bede's where there is likely to be a call on the reserve:

School	Conversion plans	Potential call on School Reserve (£)	Comments
St Bede's	Planned conversion, 1 October 2020	-1,609,000	Forecast of balance at 1 October 2020
Bluebell Meadow	Planned conversion, 1 September 2020	-130,000	Estimated Deficit at point of conversion 1 st Sept 2020
Tanfield	Converted (sponsored), 1 May 2020	-1,030,000	Deficit at point of conversion 1st May 2020
Wolsingham	Planned conversion, 1 September 2020	-1,911,000	Initial forecast of balance at 1 September 2020
Wellfield	Options for converting being considered	-3,406,000	Balance at 31 March 2020
Total		-8166,000	

- 51 The potential call on the School Reserve currently exceeds the current balance. However, Wellfield has not yet made any firm plans to convert and is required to reduce its deficit during the current year by setting an in-year surplus budget of circa £200,000, which would reduce any future shortfalls. There are, however, other schools which could either close or convert as sponsored academies in the future, which could lead to the council having to write-off further deficit balances.

Conclusion

- 52 Had St Wilfred's chosen to withdraw its leadership for St Bede's RC Comprehensive School at any point in the last four years, the council would have struggled to maintain the pace of its improvement, its OFSTED status and the excellent outcomes it has achieved for children in a very challenging context. This would have placed significant strain on the provision of education in the area and would not have been in the educational interests of children and young people. This would have resulted in further financial issues for the school which in turn would have had an impact on the educational provision in the area.
- 53 Whilst the school has accrued further deficits year on year, Northern Saints (now Bishop Chadwick Catholic Education Trust) have invested significant finances into the school through leadership capacity from St Wilfrid's. This has been recognised by Ofsted, who stated "Leaders draw well upon expertise from the local authority, the Diocese and St Wilfrid's RC College to improve the provision for pupils throughout the school" (Ofsted inspection 8-9 February 2017).

- 54 Bishop Chadwick Catholic Education Trust has already taken on Our Lady of the Rosary Primary school (September 2019) which is in close proximity to St Bede's. This has been done with the full intention of securing future intake to the school and provided further confirmation that the Trust wanted to secure St Bede's long-term future.
- 55 The Executive Headteacher and Northern Saints Trust (now Bishop Chadwick Trust) have both been very supportive and appreciative of the work done by the Education Development Service. The Trust maintain strong relationships with the Council including purchase of a range of Service Level Agreements.
- 56 The trust will be the key lead in the diocesan direction for all the schools in the East and it is important strategically that the council maintains a strong relationship with this and other trusts as the Diocesan Education Policy is fully implemented.
- 57 In 2017, financial concerns and forecasts for this school placed it in a forecast situation of unmanageable cumulative deficit and a real risk of closure. However, with strong Diocesan support for its continuation, the current situation is a significant improvement from the fragile position forecast three years ago.
- 58 It is considered unlikely that St Bede's RC will reach an in year surplus position in the next two academic year and will need to be sustained by the general financial support of Bishop Chadwick Trust until its numbers build over the next two intake years. A decision to write off the deficit at an earlier stage than July 2022 will significantly reduce the cumulative deficit payment the council would need to make.

Background papers

- Diocesan Academy Policy and associated documents

http://edurcdhn.org.uk/school/support_docs/support_schpolicies.php

Other useful documents

- Ofsted Reports

<https://reports.ofsted.gov.uk/provider/23/114327>

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Appendix 1: Implications

Legal Implications

The actions described in this report are intended to comply with the Council's duty to exercise its education functions with a view to promoting high standards and the fulfilment of each pupil's learning potential in accordance with S 13 A of the Education Act 1996.

The Corporate Director Resources is responsible by virtue of Section 151 of the Local Government Act 1972 for the administration of the authority's financial affairs. The Corporate Director, Resources also has a duty to report certain matters to the authority by virtue of Section 114 of the Local Government Finance Act 1988.

The funding framework governing schools finance, which replaced Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation the Council is required to publish a Scheme of Financing for Schools. The scheme sets out the financial relationship between the authority and the maintained schools which it funds, including the respective roles and responsibilities of the authority and the schools. The scheme does not limit unreasonably the flexibility of schools to control and deploy their budgets, recognising the need for public monies are involved to be properly accounted for and recorded. The scheme includes provisions which are binding on both parties. Under the scheme, any deficits of expenditure against budget share (formula funding and other income due to the school) in any financial year will be charged against the school and will be deducted from the following year's budget share to establish the funding available to the school for the coming year.

Schools cannot set a deficit budget without the prior agreement in writing of the authority. For clarity, a deficit budget is one where the gross expenditure in the budget plan exceeds the total of funding, income and the balance (surplus or deficit) brought forward from the previous year. This consent is given by the Section 151 officer - Corporate Director, Resources

It is a policy of the Department for Education that stand-alone academies are no longer permitted. Where a school chooses to convert and become an academy, the default position is that the accumulated balance, whether a surplus or deficit, transfers to the academy trust. However, DfE guidance is that local authorities may choose to write-off all or part of a deficit where the deficit is a hindrance to the school converting.

Finance

The current forecast of the deficit of St Bede's at the point of conversion (October 2020) is circa £1.6 million. This would be met from the Schools Reserve, which is currently £7.7 million, should members choose to support the conversion and meet these costs.

Consultation

School communities have, to date, been engaged in consultation through governing bodies – particularly around the academisation plans in line with the Diocesan Academy policy plans.

Equality and Diversity / Public Sector Equality Duty

Any review or change to educational provision in an area has the potential to adversely impact on protected characteristics, both in terms of pupils, their families, local communities and employees working in the schools. The options described in this report do not involve pupils being required to attend different schools or not being able to access a local school and being required to travel further.

Although doing nothing and leaving all the schools as they are may initially be favoured by parents, who tend to view the closure of any school in a negative manner, the fact is that because of the size of schools, although they may be viable currently, they may become unviable in future if action is not taken in a planned way.

The mitigating impact of schools co-operating in a Multi-Academy Trust would be particularly strong. A fixed, reliable and secure planning framework of governance, staffing and finance would enable the delivery of a resilient education to protected groups. It is proposed that these benefits would extend to pupils, staff and governors. Recognition should be given to some variation in staff contracts, changed travel times and potential for some impact on hours worked. It will be important to negotiate mitigation in these areas.

In turn there will be opportunities for and a need to review governance, arrangements as most MATs operate with a Local Governing Body with very few delegated decisions.

Climate Change

No impact St Bede's RC Comprehensive

Human Rights

Human rights are not affected by the recommendations in this report.

Crime and Disorder

None

Staffing

Any changes to staffing as a result of the conversion of the schools, subject to this report would matters to be determined by the continuing diocesan trusts.

Accommodation

St Bede's RC Comprehensive - None, school buildings would transfer to the continuing diocesan trusts

Risk

A key risk is that, as a consequence of actions taken by the County Council (including the failure to make timely interventions), pupils and students do not receive an adequate education. Providing additional support to a particular school is often a difficult balance between making decisions that support the best educational outcomes for children whilst managing the financial position of a particular school with a view to the longer term outcomes that can be achieved – this can present a risk if these two issues are viewed in isolation.

In not agreeing to write off the deficit for St Bede's RC Comprehensive School at point of conversion the diocesan plans would be delayed with Bishop Chadwick Catholic Education Trust. This would be detrimental to the schools' operational efficiency.

The s.151 officer must sign-off the budget for schools with a deficit budget plan and needs to be able to justify doing so in terms of each school having a robust plan to recover from its deficit. 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. There is a risk of legal challenge from the Department for Education if this statutory function is neglected. When making decisions in relation to the budgets of schools in financial difficulty, the educational needs of children are balanced against the approach to deficit reduction and the longer-term prospects for effective educational and financial outcomes.

Procurement

None