

Cabinet

14 November 2018

Future Options for Schools in the Horden Area, as part of the Education Review in County Durham



Report of Corporate Management Team

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Purpose of the Report

- 1 This report provides Cabinet with 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.
- 2 The report makes recommendations in relation to primary schools in the Horden area, namely Cotsford Infant and Junior Schools.

Background

- 3 Previous reports have outlined the significant financial difficulties being experienced by a number of schools across the county as a result of reductions in admission numbers and to a lesser extent school funding formula changes, which has necessitated some schools setting deficit budgets – mainly secondary schools.
- 4 This is a particular concern because schools that have an inadequate OFSTED judgement have been required to become sponsored academies and if / when they do, any deficit balance that they are carrying becomes a cost to the local authority and is not transferred to the sponsoring academy.
- 5 The impact on schools from real terms cuts in schools funding is huge and representations have been made to the Secretary of State, both as part of the National Funding Formula consultation and more recently through concerns raised with regards to the impact of Government policy and funding decisions on rural schools provision.
- 6 It is estimated that if funding rates had kept pace with inflation since the 2009-10 financial year, the amount available for the mainstream school funding formula in the current financial year would be 15% higher than the actual amount. For Durham this is equivalent to £46 million, or around £120,000 per

primary school and £600,000 per secondary school. Funding at this level could provide for around 3 extra teaching staff in a primary school and around 15 extra teaching staff in a secondary school.

- 7 Members will also be aware that legislation prevents the Council from making contributions to or financially supporting individual schools. Funding for schools is provided primarily through the Dedicated Schools Grant.
- 8 In November 2017, Cabinet considered a report which outlined the need for a strategy for school organisation. This involved reviewing educational provision in each local area across the county.
- 9 In terms of prioritising the planned reviews, the two schools with the most significant financial challenges / financial viability concerns were Wellfield School in Wingate and Wolsingham School and Sixth Form in Wolsingham. These schools and the schools in the surrounding pupil place planning areas were agreed as falling into the first phase of the strategic review of schools provision, together with a review of primary schools provision in the Horden area.
- 10 In general, based on pupil based planning forecasts, there is a need to consider the long term provision of Nursery / Primary provision in some pupil place planning areas. Horden is one of these areas, which is why it was included in the first phase of the area based reviews of schools provision launched in November 2017.
- 11 Currently, there is a Nursery, Infant, Junior and two Primary schools in the Horden area. A One Point centre is next to the Junior School and pupil numbers across all schools have been reducing significantly. These schools have been undertaking staffing reductions over the last few years to help maintain a balanced budget, however, they are now facing financial difficulties as a result of such low pupil numbers.

Overview – Review of schools provision

- 12 The Cabinet report of November 2017 identified a process for considering options for enhanced and sustainable educational provision in each locality and an indicative timeframe for these reviews to be completed. Reviews were to be undertaken in stages, with initial discussion with all partners to consider options for enhanced provision in local areas. This could involve discussions with schools, the local community, and partners / key stakeholders about possible options for re-organisation including:
 - (a) do nothing;
 - (b) establishing a model of Federated schools;
 - (c) amalgamation of schools;
 - (d) creation of Multi-Academy Trusts;
 - (e) establishment of through schools;
 - (f) closure / new-build re-organisation options.
- 13 Options were to be developed during the review in discussion with school leaders and these would be considered by schools. At the completion of each stage, Cabinet were to receive update reports and consider recommendations before moving into wider consultation with the community or other

stakeholders, as appropriate or if required by legislation, on the recommended solutions.

- 14 However, as the Review proceeded it was not possible to follow the exact process or indicative timeframe described in the November report. While the necessary discussion with schools and elected members proceeded readily, the Ofsted inspection of the Cotsford Infants school, which returned a 'Good' judgement but provisional on a repeat inspection within 18 months, led to governors choosing to a temporary suspension of work that had started to pursue a single leadership arrangement across both Cotsford Infants and Cotsford Junior schools.
- 15 By mutual agreement, the local authority provided additional leadership capacity to these schools to ensure, as far as possible, the inspection of the Junior school and the re-inspection of the Infant school – both now due – are successful. This delay had not formed part of the original planned sequence of events; the result was that suggested milestones were not met and update reports were not presented to Cabinet as originally envisaged.
- 16 The review of existing provision in the three initial review areas (Weardale, Wingate and Horden) has now been completed and proposals have been developed for Cabinet consideration. Separate reports have been prepared outlining the findings, the options appraisal and making recommendations for each area. The reviews have involved:
 - (a) A cross service grouping working group, chaired by the Head of Education, to ensure all relevant factors, including legal, financial and HR implications are covered by the review of options available;
 - (b) Meetings with school leadership teams – including Head Teachers and Chairs of Governors of the schools in financial difficulty and other schools in that locality – to discuss financial projections, options available etc;
 - (c) Meetings with elected members and local MPs to share key information and provide advice on the options available in terms of a sustainable educational provision in each locality and progress updates with the reviews in their areas;
 - (d) Discussions with the Regional Schools Commissioner's (RSC) office, which is part of the Department for Education.
- 17 Consideration of options for provision in the Horden area was different to the two other areas addressed in phase 1 of the education review, because no schools involved are currently operating a deficit budget. The review was however required as the primary schools in the Horden area are likely to become financially unviable in the future due to falling roles.
- 18 The options detailed later in the report (paragraphs 29-41) were discussed with the chairs of the governing bodies and head teachers of the primary schools in Horden and with the elected members for the area. Cabinet should also be aware that the governing bodies of Cotsford Infant and Junior schools had approached the Local Authority prior to the Education review of the wider provision in this area to implement a strategy to amalgamate to create a new primary school.

Primary School Provision in Horden – Context

- 19 The review of education provision in Horden has been undertaken in the context of the wider regeneration plans for this area. As stated, it has proceeded with full involvement of local elected members and, as explained in the original Cabinet report, is an agreed and necessary response to a significant fall in pupil numbers in this area.
- 20 The decision not to attempt to involve the large and successful nursery school in Horden was taken because:
- it is already a financially sustainable entity;
 - the future funding and role of nursery schools is under national review and it would not have been prudent to tie a sustainability solution for a primary school to a nursery, even one in the proximity, at this stage;
 - many parents using the nursery do not live in the vicinity of Horden, making it difficult to accurately predict the numbers of children attending the nursery who might not then transfer to the primary. Consequently, accurate financial forward planning would be difficult.
- 21 A summary of contextual information for the primary schools in Horden is shown in the tables below:

Capacity & occupancy numbers (pupils & students)	Cotsford Junior	Cotsford Infant	Yohden Primary	Our Lady Star of the Sea	Total
Current number on roll	110	64	158	112	444
Total capacity of the Schools	164	120	270	119	673
Spare capacity	54	56	112	7	229
% Spare Capacity	33	47	41	6	34
% Places Filled	67	53	59	94	66

Age Range – Numbers on Roll	Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
- Reception	14	-	21	8	43
- Year 1	31	-	23	18	72
- Year 2	19	-	29	18	66
- Year 3	-	25	28	18	71
- Year 4	-	22	22	15	59
- Year 5	-	22	13	17	52
- Year 6	-	41	22	18	81
Total on Roll	64	110	158	112	444

Funding Levels 2018-19 (£)	Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
Formula funding 2018-19	611,000	432,000	791,000	567,000	2,401,000
Pupil Premium funding 2018-19	99,000	37,000	92,000	77,000	305,000

Surplus / (Deficit) Balances held and Planned Use of Balances in 2018-19 (£)	Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
Retained Balance at 31 March 2018	20,000	50,000	117,000	151,000	337,000
Forecast use of balances in 2018-19	14,000	(25,000)	(77,000)	(63,000)	(150,000)
Forecast retained balance at 31 March 2019	34,000	25,000	40,000	88,000	187,000

Accumulated Surplus / (Deficit) balances 2013-14 to 2017-18 (£)	Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
31 March 2013	98,000	51,000	125,000	62,000	335,000
Contribution to or (drawn down) in 2013-14	(40,000)	20,000	(50,000)	80,000	11,000
31 March 2014	58,000	71,000	75,000	142,000	346,000
Contribution to or (drawn down) in 2014-15	(35,000)	27,000	(7,000)	(36,000)	(51,000)
31 March 2015	23,000	98,000	68,000	105,000	295,000
Contribution to or (draw down) in 2015-16	(25,000)	3,000	21,000	3,000	1,000
31 March 2016	(2,000)	101,000	89,000	108,000	296,000
Contribution to or (draw down) in 2016-17	15,000	(46,000)	(4,000)	20,000	(16,000)
31 March 2017	13,000	54,000	85,000	128,000	280,000
Contribution to or (draw down) in 2017-18	7,000	(5,000)	32,000	23,000	58,000
31 March 2018	20,000	50,000	117,000	151,000	337,000

Employee numbers	Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
Teaching	5	6	8	5	24
Support	11	13	22	14	60
Total	16	19	30	19	84

22 It is evident, therefore, that while not currently in overall deficit the Infant School in particular is in a precarious financial position. Future formula funding impacts will mean that the challenge of operating as a separate establishment will be significant, thereby necessitating consideration of another solution to secure the financial viability of primary education this locality. Yohden Primary is the largest of the schools in this area but whilst it is financially secure, it has 41% spare capacity.

23 Data is held in terms of the protected characteristics of pupils attending these schools, the most up to date data held (based on the May 2018 census) is set out below:

Protected characteristics – Numbers on Roll (Cotsford Infant	Cotsford Junior	Yohden Primary	Our Lady Star of the Sea	Total
Disability		Data not held	1	Data not held	Data not held	1
Gender reassignment		Data not held	Data not held	Data not held	Data not held	Data not held
Marriage and civil partnership		Data not held	Data not held	Data not held	Data not held	Data not held
Pregnancy and maternity		Data not held	Data not held	Data not held	Data not held	Data not held
Race	White British	70	110	157	98	435
	White and Black African	1		2		3
	Any other ethnic group	1	3			4
	Any other mixed background		1	2		3
	White and Asian		1	1		2
	Indian			1	3	4
	Pakistan			5		5
	Any other Asian			1	1	2
	Chinese			1		1
	Any other Black				3	3
	Any other White background				3	3
Religion or belief		Not known	Not known	Not known	Not known	Not known
Sex		39 (M) 35 (F)	63 (M) 55 (F)	95 (M) 73 (F)	51(M) 61(F)	248(M) 224 (F)
Sexual orientation		0	0	0	0	0

24 The table below shows the value of annual Service Level Agreements (SLAs) that these schools have bought for the current financial year:

2018-19 annual SLA charges (£)	Total for CYPS	Total for Resources	Total for Regeneration and Local Services	Total
Cotsford Junior	14,000	39,000	3,000	55,000
Cotsford Infant	6,000	27,000	2,000	35,000
Yohden Primary	19,000	44,000	3,000	66,000
Our Lady Star of the Sea	15,000	28,000	2,000	45,000
Total by school	53,000	138,000	10,000	201,000

25 In addition, schools buy other SLAs as required, and buy other goods and services from the Council. In 2017-18, the total income from these schools, excluding annual SLAs, was £80,000, most of which was spent on repairs and maintenance and miscellaneous SLAs.

- 26 In the context of finance, members should note that school budgets are set for the financial year, which covers two academic years. Staff restructuring, which is often necessary to balance budgets, often takes effect from September each year, because schools operate on an academic year rather than a financial year. This poses problems in finalising the budgets in April / May for the coming financial year as plans are often not yet fully developed within schools. It is not unreasonable to assume that the outturn position for the primary schools in this area could be better than initially budgeted.
- 27 Members will recall that 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 a school cannot do this and therefore wishes to set a deficit budget (i.e. its carried forward reserves are less than the amount required to offset the in-year deficit of expenditure over income) it must have permission from the s.151 officer in order to do so.
- 28 The respective duties and responsibilities of schools and local authorities are determined by local schemes of delegation, prepared in line with statutory guidance. These schemes confirm the arrangements for delegation to governing bodies, but also give authorities powers to monitor school budgets and determine whether a school is allowed to set a deficit budget. The scheme also sets out the procedure for dealing with schools causing concern, including the power to require schools to provide budget plans and, in extreme cases, to suspend delegation. Schemes also prohibit authorities from writing-off the deficits of schools with deficit budgets, in order that authorities cannot favour one school over another by allowing one to overspend and write-off the deficit.
- 29 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.

Options analysis

- 30 The governing bodies of both Cotsford Schools had already begun to consider and discuss with the Council their financial viability as part of the ongoing work generally with schools. The opportunity was taken to widen the discussions to include other schools in the area as well as support the aspirations of the governing bodies of the Cotsford Schools.

Amalgamation of Cotsford Infant and Junior School

- 31 In December 2017, senior officers of the Education Service met with the two local members for Horden and representatives of Horden Nursery, Cotsford Infant and Junior, Yohden Primary and Our Lady Star of the Sea RCVA Primary. The purpose of the meeting was for officers to explain the situation in Horden with falling pupil rolls and the effect this will have currently and in the future in terms of schools maintaining staffing levels to deliver an effective curriculum. The meeting aimed to seek views on the most effective solution.
- 32 Another school within the area is a Roman Catholic Voluntary Aided school, Our Lady Star of the Sea. This school already has a shared head arrangement with another Catholic school in order to support its financial position. It is also at capacity and has no immediate financial concerns.

However, the participation of leaders from this school in the initial review meeting demonstrates that all parties have been included in the process to date.

- 33 Horden Nursery School is an Outstanding Nursery School and because of its reputation attracts pupils from areas beyond Horden. It is not experiencing a fall in pupil numbers and therefore it was felt that at this stage it should not be considered as part of an amalgamation. For reasons given above (paragraph 20) and because in an amalgamation the school would lose its status as a distinct Nursery School and become instead a nursery unit attached to an amalgamated primary school, the involvement of Horden Nursery in this phase of the review did not extend beyond the initial meeting in December 2017.
- 34 The wider regeneration plans for Horden, which includes a railway station, demolition of houses and replacing them with new affordable homes and a location for a new build primary school are material factors influencing the review outcomes at this time.
- 35 These wider regeneration plans were a major focus for the discussions with the school. Whilst there is significant capacity with both Cotsford Schools and Yohden Primary School, any further reduction is uncertain at this time. The meeting agreed that taking this into account, the unanimous view was that an amalgamation of Cotsford Infant and Junior Schools should be the first stage in a potential reorganisation across the Horden area. It was agreed that later consideration will be given to Yohden Primary School and Horden Nursery School when the regeneration plans are sufficiently advanced to involve plans around the potential location of a new school.
- 36 Unlike federation, where schools remain as separate organisations, amalgamation creates a single organisation, even when this operates from several sites.
- 37 An advantage of amalgamation is that a single head teacher would be required, enabling budget savings. Other economies of scale may be possible from the wider staff body and across sites through a potential reduced need for multiple service level agreements. However, an amalgamated school would be funded as a single organisation, so would draw down only one lump sum, thus reducing or negating any savings from staffing and other economies.
- 38 The anticipated loss of lump sum would be £110,000, which would be an additional financial challenge to the combined school.
- 39 Pupil-led funding would not be affected by any amalgamation, but school-led funding would reduce, because the amalgamated school would only receive one set of school led funding. In 2018-19 the reduction in school-led funding compared to that for the separate schools would have been £143,000. The reduction in funding would be less using the National Funding Formula, but would still be a loss of £110,000 in school-led funding.
- 40 As part of the proposed amalgamation of the Infant and Junior schools, it is proposed that a room which is surplus to capacity in the One Point centre, adjacent to the junior school site, will be adapted as a Reception teaching

area. The outdoor area will also be developed and it is proposed that a covered walkway will be constructed to connect this room with the main junior school building. Costs of this development will be met from School Conditions Funding in line with our statutory duties to provide sufficient school places. The One Point centre will be otherwise unaffected and, as the proposed Reception class accommodation is surplus to their need, the utilisation of it is in the interests of all.

- 41 There is a statutory requirement to consult on the proposal to amalgamate schools. It is therefore proposed to conduct a consultation in accordance with the Department for Education (DfE) guidance in accordance with the indicative timeline set out in Appendix 1.

Establish a model of federated schools

- 42 Under this option, one or more Horden schools would come together to form a single Federation, which would have the benefit of retaining lump sum funding for each separate school in the federation. There is however no desire among school leaders, governors or elected members to form a federated model of the primary schools in this area, therefore this was not a significant consideration and/or realistic option at this stage.
- 43 The financial viability of separate schools is at the heart of the proposal to amalgamate the Cotsford Infants and Juniors, and the educational benefits of creating a single school is considered to outweigh by any financial advantage of retaining lump sums.

Creation of a multi-academy trust (MAT)

- 44 As with Federation, there is no desire among school leaders, governors or elected members to form a multi-academy trust of the primary schools in this area. Therefore this option has not been a major consideration of the review. Whilst in principle this option would result in no change to existing education provision, either in terms of standards or the scope to respond to falling rolls and the financial challenge this brings any more creatively than amalgamation would, there is no additional advantage in considering it as an option. However, the possibility of creating a future multi-academy trust is not ruled out, and this may be a means of combining a potentially amalgamated Cotsford Primary with Yohden Primary School and other schools in the area at a later stage in the review review, should the governing bodies, elected members and the community wish for this step to be taken.

Other options

- 45 A “do nothing” scenario would result in no change to existing education provision. It is not a viable solution given the continuing fall in pupil numbers that would no longer support the separate functioning of two schools, Infant and Junior, on two sites. Current financial resources available to the schools would be most effective if pooled, reducing the need for two head teachers and enabling other economies of scale. Doing nothing also conflicts with a general Council approach to bringing together infant and junior schools, where possible and appropriate, outlined in paragraph 43.

- 46 The other options mentioned in the Cabinet report of November 2017 include creating a through-school, raising funds through additional sources of income and closure or part-closure. In effect, these options are less relevant in the case of Horden, although the proposal to amalgamate two schools to become a through-primary, and the subsequent rescinding of one school's Unique Reference Number (URN) does, in part, correspond with some of them. The option of exploring alternative sources of income is unviable when the falling rolls indicate a more satisfactory long-term solution through amalgamation.

Pupil Projections – Horden Area

- 47 The longer term regeneration ambitions of the Horden area, where future school places will be required, would tend against closure of schools, but the current predictions indicate little or no growth up to at least 2024/25.

School	Capacity	Projected Rolls					
		NOR as at 28 Sept. 2018	2018/19 2019/20	2020/21	2021/22	2022/23	2023/24
Cotsford Junior School	164	110	88	97	89	89	88
Cotsford Infant School	120	64	70	57	59	50	52
Yohden Primary School	270	158	156	161	155	143	133
Our Lady Star of the Sea	119	112	105	98	94	89	83
TOTAL	673	-444	417	413	397	371	-346
Surplus Places		229	256	260	276	302	327
% Surplus Places		34%	38%	39%	41%	45%	49%

Whilst there is significant spare capacity currently and into the foreseeable future, given the regeneration plans in this area, the considered view is that the capacity of the three school sites is still required.

- 48 In a situation of reducing pupil numbers, and where infant and junior schools have operated separately, it has been a general Council approach to amalgamate schools where it is practicable to do so to form primary schools so children can benefit from primary education in one school rather than changing schools at age 7. An amalgamation would lead to a larger and more viable school being established rather than two small schools. In this case, the commitment to amalgamate from both sets of governors confirms the option as the most prudent.
- 49 Under a single leadership arrangement, cost-savings of c£63,000 per annum will be made, and additional staffing reductions would be possible from having the school on a single site in future, bringing about a sustainable financial position. However, the amalgamation will lead to the long-term loss of one lump sum from formula funding, which is likely to be £110,000 per year, once the National Funding Formula replaces local formulas. The amalgamated school would qualify for a split-site allowance, which in the local formula would

be worth around £50,000, but it is not certain that it would qualify under the National Funding Formula, and if it did, how much this would be worth.

- 50 In April 2018, Cotsford Infant School was subject to an Ofsted Inspection and received a judgement of 'Good' but with a re-inspection required within approximately 18 months. The inspection acknowledged that since the previous inspection in 2013, the school had faced some difficulties caused by a falling rolls which have resulted in the need to lose staff and reorganise classes. This has in turn caused standards of attainment to vary from year to year and the report acknowledged that the school had been challenged to keep pace with the improvements in attainment seen nationally. This outcome led governors of both schools to agree that the head teacher of the Infants, currently acting head teacher for both schools, should focus all attention on improving the Infant School for the time being.
- 51 Consequently, further work to pursue a single leadership arrangement across both schools was temporarily suspended, and in the meantime the local authority is supporting the schools with additional leadership capacity: an experienced head teacher has been attached to the schools from the second half of the summer term 2018.
- 52 The Ofsted inspection of Cotsford Junior School is anticipated to take place in the autumn term 2018.
- 53 Amalgamation continues to be viewed as the main way of assuring future financial stability for the schools in the area. Plans to incorporate Yohden Primary and Horden Nursery in a future amalgamation remain under consideration. As the wider Horden regeneration plan develops, the future location of a single amalgamated primary will be determined.

Conclusions

- 54 This report provides Cabinet with 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.
- 55 Currently, there is a Nursery, Infant, Junior and 2 Primary schools in Horden. A One Point centre is next to the Junior School. Pupil numbers across all schools, with the exception of Horden Nursery School, are reducing significantly, requiring schools to undertake staffing reductions over the last few years to help maintain a balanced budget. However, they are now facing financial difficulties as a result of such low pupil numbers.
- 56 In general, during the review process involving the schools in the Horden area, all relevant parties have undertaken discussion to the point of agreeing a preferred option which is now to be put before Cabinet as a recommendation in this report.
- 57 There are wider regeneration plans for the Horden area, and the proposals to amalgamate schools in order to provide economies of scale and greater resilience have been developed with full involvement of elected members, school leaders and governors of all affected schools.

- 58 A recent Ofsted inspection of Cotsford Infant School and an anticipated inspection of Cotsford Junior School in the autumn term 2018 have led, by mutual agreement of all parties, to a temporary suspension of work to pursue a single leadership arrangement across both schools. However the local authority continues to support the schools with additional leadership capacity and an experienced head teacher has been attached to the schools from the second half of the summer term 2018, to ensure that the best possible outcome from inspection is achieved and that consequently the anticipated amalgamation is given the best possible chance of success.
- 59 To enable an amalgamation to be effectively implemented for 1 September 2019, consultation commenced in the first week of November 2018, furthered through a Delegated Decision Report. Consultation will be held in accordance with DfE statutory guidance and, depending on the outcome of consultation, a Cabinet decision will be possible in time for a properly planned implementation of the proposal, which will proceed following due process.

Recommendations

- 60 Cabinet is recommended to:
- (a) support the agreement reached between Cotsford Infant and Junior Schools to amalgamate;
 - (b) agree to formally consult on the proposed amalgamation of the Cotsford Infant and Junior Schools in accordance with the timescales set out at Appendix 1; and
 - (c) Note that a further report be presented to Cabinet with the outcome of the consultation and proposed next steps in May 2019.

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Background papers

Report to Cabinet 14 December 2016
Strategy for School Organisation and the Pattern and Provision of Schools across County Durham

Report to Cabinet 12 July 2017
Revenue and Capital Outturn 2016/17

Report to Cabinet 13 September 2017
Quarter 1 Forecast of Outturn 2017/18

Report to Cabinet 15 November 2017
Review of School Provision in County Durham: Ensuring Financial Sustainability of Schools

Report to Cabinet 13 December 2017
Mainstream Primary and Secondary Funding Formula 2018-19

Report to Cabinet 13 June 2018

Maintained Schools Budget Plans and Permission to Set Deficit Budgets 2018/19

Report to Cabinet 12 September 2018

Forecast of Revenue and Capital Outturn 2018/19 – Period to 30 June 2018

Appendix 1: Implications

Finance

Schools are funded through Dedicated Schools Grant and operate to delegated budgets, which are the responsibility of individual school governing bodies. Where a school wishes to set a deficit budget (where its spending exceeds its resources in year) it can only do so in accordance with EFA guidance and the Scheme of Financing for Schools and with the permission of the Council's S151 Officer. In accordance with legal obligations, the S151 Officer may not continue to allow a school to set a deficit budget without a robust business plan that indicates the removal of any deficit over time.

The report outlines the significant financial difficulties that continue to be experienced by schools, the work that has been undertaken with these schools and the options that will need to be explored in terms of a solution to these problems.

The National Funding Formula puts more funding into pupil-led factors than school-led factors, which could create longer-term challenges for smaller schools, because the increase in pupil-led funding will be of less benefit to schools with smaller numbers of pupils.

The proposals contained in this report are to amalgamate Cotsford Infant and Junior Schools to form a new single Primary School. This will result in a single leadership arrangement, with cost-savings of c£63,000 per annum expected, with additional staffing reductions possible from having the school on a single site in future, bringing about a sustainable financial position. The amalgamation will however lead to the long-term loss of one lump sum from formula funding, which is likely to be £110,000 per year, once the National Funding Formula replaces local formulas. The amalgamated school would qualify for a split-site allowance, which in the local formula would be worth around £50,000, but it is not certain that it would qualify under the National Funding Formula, and if it did, how much this would be worth.

Staffing

Potential impact on school staff through re-structuring to address deficit balances, or through amalgamation/federation of schools, is indicated in this report. In cases where there are adjustments to any employment terms and conditions, these will be fully negotiated through the relevant trade unions.

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. There is an additional risk of reputational damage if the Council does not appear to be able to resolve the problem of schools operating with significant and sometimes increasing budgetary difficulties, and allows some schools to continue to set deficit budgets whilst requiring other schools to balance their budgets.

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. There is a risk of external auditors

calling into question the actions of the s.151 officer if no credible plans are agreed to resolve the issues described in this report and the Cabinet report of November 2017.

Equality and Diversity / Public Sector Equality Duty

The proposal to amalgamate Cotsford Infant and Junior Schools into a single primary school will benefit pupils, staff and parents. Education will be provided in an improved environment to provide a positive learning experience for children and the amalgamation will enhance education provision in the area and provide equal access to all. Furthermore, creating a single primary school will enable more efficient use of resources with one Head Teacher and one leadership team.

The focus on improved education outcomes is seen as a positive experience in a child's education and ensures that children who are protected under the Equality and Diversity/Public Sector Equality Duty can maximise their potential. The main groups affected are children attending Cotsford Infant and Junior Schools, their families and staff.

An Equality Impact Assessment is attached as Appendix 2.

Accommodation

If school closures are proposed as part of the review of provision, accommodation will be an implication, but this has not formally happened to date. Transfer of maintained schools to become academies may have implications in terms of accommodation where school premises are used by the community under arrangements set up with a maintained school.

Crime and Disorder – none

Human Rights

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

Consultation

As paragraph 42 explains, there is a statutory requirement to consult on the proposal to amalgamate the Cotsford Schools. The table below sets out the expected timescales for the consultation, which will be conducted in accordance with the Department for Education guidance:

Date	Stage
19 November 2018 – 30 December 2018 (6 weeks)	Consultation All responses received by the closing date will be considered and included in a report for the council to consider and decide whether to take the proposal forward.
January/February 2019 (4 weeks)	Statutory Public Notice If the council decides to proceed with the proposal, statutory notices would be published in the local newspaper, posted on school gates and on the DCC website. These notices would provide an opportunity for comments or objections to be made.
April 2019	Decision Making Durham County Council's Cabinet would consider responses to the statutory notice and make the final decision whether to agree the proposal or not.

April 2019 – September 2019	Preparation for the primary school opening, if the proposal is approved. This includes establishing a Governing Body, appointing a Head Teacher, consulting on a proposed staffing structure, deciding on opening and closing times, deciding on any changes to school uniform.
September 2019	Single school opens.

Procurement – n/a

Disability Issues

See 'Equality and Diversity' above.

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.

Appendix 2:

Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Education, School Places and Admissions
Lead Officer	Graeme Plews
Title	School Places and Admissions Manager
MTFP Reference (if relevant)	N/A
Cabinet Date (if relevant)	April 2019
Start Date	November 2018
Review Date	April 2019

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

Based on pupil planning forecasts, there is a need to consider the long term provision of Nursery/Primary provision in some public place planning areas. Horden is one of these areas and was included in the first phase of the area based reviews of schools provision launched in November 2017.

Proposal to amalgamate Cotsford Infant and Junior Junior Schools into a single primary school in in the premises of Cotsford Junior School and Horden One Point from 1 September 2019.

The proposal would see the closure of the current Infant School site. A room which is surplus to capacity in the One Point centre (adjacent to the junior school site) would be adapted as a Reception teaching area. A covered walkway would be constructed to connect this room with the main junior school building which would be occupied by years 1 through 6.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

General Public, Governors, Staff, pupils Cotsford Infant and Junior Junior Schools, providers of Early Years Education, Elected Members, MPs, Neighbouring Schools, Trade Unions, Diocese, Department for Education, Community Groups, Parish Councils, Residents' Associations, AAP Board, CYPS/DCC Staff. Parents/Carers

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	? – relating to staff	N
Disability	? – relating to staff	N
Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	N
Religion or Belief	N	N
Sex (gender)	? – relating to staff	N
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

The main groups affected by this proposal are pupils attending Cotsford Infant and Junior Schools, their families and staff. It is not expected that pupils and their families will be adversely affected.

A new staffing structure will be established for the single site school. This should enable efficiencies to be made, particularly in the business support and caretaking posts. Change management processes will be followed to ensure fair treatment of any affected staff

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

Amalgamating Cotsford Infant and Junior Schools into a single primary school will enhance education provision in the area and will lead to a more sustainable establishment for the long term that will bring about educational improvement and will continue to provide equal access for all. Furthermore, the amalgamation will lead to a more efficient use of resources.

A 6 week consultation is proposed for November and December 2018. Consultation documents will be distributed widely and meetings will be held with Governors and Staff of Cotsford Infant and Junior Schools, parents, and members of the local community at an Information Sharing Evening. Stakeholders will be invited to respond in a variety of ways: written responses using the response form attached to the consultation document, letter, email or completing the response form online via the County Council's website. Alternative formats will be available on request

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

The schools are experiencing a significant fall in pupil rolls and have had to make staffing reductions to balance the budget. Amalgamating Cotsford Infant and Junior Schools into a single primary school will lead to a larger and more viable school being established rather than two small schools.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Yes – relating to potential impacts on staff
No evidence of actual or potential impact on some/all of the protected characteristics?	Yes – relating to pupils

Sign Off

Lead officer sign off:	Date:
Service equality representative sign off:	Date:

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk
 If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk

Section Two: Data analysis and assessment of impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: Age																				
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?																		
Age profile of employees identifies a larger proportion of employees 45-64 at Cotsford Junior school. Therefore any future proposals may have a potential disproportionate impact on this group of employees	<table border="1"> <thead> <tr> <th>Row Labels</th> <th>Count of Age profile</th> </tr> </thead> <tbody> <tr> <td>Cotsford Infant</td> <td>17</td> </tr> <tr> <td>25-44</td> <td>8</td> </tr> <tr> <td>45-64</td> <td>9</td> </tr> <tr> <td>Cotsford Junior</td> <td>20</td> </tr> <tr> <td>16-24</td> <td>2</td> </tr> <tr> <td>25-44</td> <td>4</td> </tr> <tr> <td>45-64</td> <td>14</td> </tr> <tr> <td>Grand Total</td> <td>37</td> </tr> </tbody> </table>	Row Labels	Count of Age profile	Cotsford Infant	17	25-44	8	45-64	9	Cotsford Junior	20	16-24	2	25-44	4	45-64	14	Grand Total	37	update of equality analysis based on forward plans.
Row Labels	Count of Age profile																			
Cotsford Infant	17																			
25-44	8																			
45-64	9																			
Cotsford Junior	20																			
16-24	2																			
25-44	4																			
45-64	14																			
Grand Total	37																			

Protected Characteristic: Disability		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
.	Due to low number of employees disclosing whether or not they have disability it is difficult to determine whether the proposals will have a	Reasonable adjustments will be made where required.

	potential impact on disabled employees	
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Protected Characteristic: Marriage and civil partnership (workplace only)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Pregnancy and maternity		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Race (ethnicity)																				
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?																		
Based on the ethnicity staff profile it is not thought that the proposals will have a significant impact as the larger proportion of staff have declared themselves as White British.	<table border="1"> <thead> <tr> <th>Row Labels</th> <th>Ethnic origin</th> </tr> </thead> <tbody> <tr> <td>Cotsford Infant</td> <td>17</td> </tr> <tr> <td>Not disclosed</td> <td>2</td> </tr> <tr> <td>WhiteBrit</td> <td>15</td> </tr> <tr> <td>Cotsford Junior</td> <td>20</td> </tr> <tr> <td>Not disclosed</td> <td>2</td> </tr> <tr> <td>WhiteBrit</td> <td>17</td> </tr> <tr> <td>WhiteIrish</td> <td>1</td> </tr> <tr> <td>Grand Total</td> <td>37</td> </tr> </tbody> </table>	Row Labels	Ethnic origin	Cotsford Infant	17	Not disclosed	2	WhiteBrit	15	Cotsford Junior	20	Not disclosed	2	WhiteBrit	17	WhiteIrish	1	Grand Total	37	update of equality analysis based on forward plans.
Row Labels	Ethnic origin																			
Cotsford Infant	17																			
Not disclosed	2																			
WhiteBrit	15																			
Cotsford Junior	20																			
Not disclosed	2																			
WhiteBrit	17																			
WhiteIrish	1																			
Grand Total	37																			

Protected Characteristic: Religion or belief		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
	Employee data – non disclosed	

Protected Characteristic: Sex (gender)																		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?																
Gender profile of employees. The gender profile of all employees identifies a larger proportion of female employees. Therefore any future proposals may have a potential disproportionate impact on this group of employees.	<table border="1"> <thead> <tr> <th>Row Labels</th> <th>Gender</th> </tr> </thead> <tbody> <tr> <td>Cotsford Infant</td> <td>17</td> </tr> <tr> <td>F</td> <td>16</td> </tr> <tr> <td>M</td> <td>1</td> </tr> <tr> <td>Cotsford Junior</td> <td>20</td> </tr> <tr> <td>F</td> <td>18</td> </tr> <tr> <td>M</td> <td>2</td> </tr> <tr> <td>Grand Total</td> <td>37</td> </tr> </tbody> </table>	Row Labels	Gender	Cotsford Infant	17	F	16	M	1	Cotsford Junior	20	F	18	M	2	Grand Total	37	Update of equality analysis based on forward plans.
Row Labels	Gender																	
Cotsford Infant	17																	
F	16																	
M	1																	
Cotsford Junior	20																	
F	18																	
M	2																	
Grand Total	37																	

Protected Characteristic: Sexual orientation		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
	Employee data not disclosed	

Protected Characteristic: Transgender		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
	Employee data not disclosed	

Section Three: Conclusion and Review

Summary

Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.
There is evidence that there would be potential or actual impact on protected groups of staff (teaching, support or caretaking) and governors. In particular there are potential impacts in relation to age and gender.

Will this promote positive relationships between different communities? If so how?

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?

Review

Are there any additional assessments that need to be undertaken? (Y/N)	
When will this assessment be reviewed? Please also insert this date at the front of the template	

Sign Off

Lead officer sign off:	Date:
Service equality representative sign off:	Date:

Please return the completed form to your service equality representative and forward a copy to equalities@durham.gov.uk