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| CUMBERLAND cOUNCIL Schools Forum |
| Report Title: Schools in Financial Difficulty Funding |
| Meeting date: 28 November 2023 |
| Report of: Dan Barton, Assistant Director, SEND, Education & Inclusion |

1. **Executive Summary**
   1. This report details the funding provided by DfE for Schools in Financial Difficulty and the proposed methodology for allocating Cumberland’s allocation of £371,579 to schools.

1. **Link to Council Plan Priorities**
   1. Managing the level of school balances is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”
2. **Recommendation**
   1. The Schools Forum members are asked to consider the 3 modelled allocation methodologies at appendix 1 and recommend one of the models to be used.
3. **Rationale & Evidence for the Recommendation**
   1. In July 2023 ESFA announced £40m of additional funding to support individual schools in financial difficulties. Further detail was provided in October 2023 when it was announced that £20m would be used to top up the existing financial support available to academies. The remaining £20m would be allocated between local authorities who have aggregated school-level deficits as a proportion of their total maintained schools’ income above 1%. Cumberland Council’s allocation is £371,579.
   2. ESFA have not prescribed how the funding should be allocated to schools other than Schools Forum should be informed of the methodology the LA uses to allocate funding. However, the methodology for allocating funds to schools needs to be simple, transparent and not burdensome given that the funding needs to be allocated to schools by 31 March 2024.
   3. In modelling potential methodologies the following principles have been considered:

* Only schools in deficit as at 31 March 2023 will be considered for funding;
* Schools’ deficit as a percentage of their income will be considered;
* The methodology will exclude those schools where there has been a lack of engagement with the LA or it appears the deficit has arisen as a result of poor practice;
* Due to the varied and complex reasons for any school to be in deficit, a simple and transparent approach will be taken.
  1. Schools Forum members were asked to suggest methodologies for allocating funding with responses at Appendix 2. Some of the suggestions have been used but others, whilst valid, would have been overly burdensome given the low level of funding compared to the net deficit and because the funding is one off.
  2. As at 31 March 2023 19 schools were in deficit, with deficits ranging from £139 to £963,579. Three methods for allocating funding have been considered.
* Model 1 – allocate funding to every school in deficit in proportion to the percentage of a school’s deficit compared to income and ensuring no school receives more than its deficit.
* Model 2 – allocate funding to those schools that have reduced their deficit between 2021/22 and 2022/23. Six schools would receive funding under this methodology.
* Model 3 – allocate as model 2 but also allocate to those schools where the deficit may have increased but the deficit as a percentage of income has not increased by more than 10%, or for schools newly in deficit the deficit is less than 10% of income. Seventeen schools would receive funding under this methodology.

1. **Options**
   1. The Schools Forum can:

* Recommend to the Local Authority that one of the 3 modelled options is used to allocate the £371,579 to schools in financial difficulty.

1. **Financial & Other Relevant Implications**
   1. Financial implications are considered throughout this report. If the local authority does not spend its full allocation of schools in financial difficulty funding in the financial year 2023/24 it can spend this funding as part of the DSG but it cannot be carried forward where there is an in-year deficit.

*23 November 2023*

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Appendices:

1. Schools in Financial Difficulty Funding Models
2. Summary of Schools Forum member suggestions

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