

# MEADOW VIEW PRIMARY

## FINANCE REPORT – DECEMBER 2020

### Financial Position – Financial Year 2020-21

In the current financial year the school is reporting a surplus of approx. £18,000 – compared to £9,483 in the previous year. DfE guidance states that surplus balances of up to 8% of total income are acceptable. The surplus for Meadow View Primary represents 2.2% of total income.

In the current year the school has faced significant challenges due to the ongoing Covid pandemic. Although the costs associated with reopening schools have largely been reimbursed by the DfE, the school has experienced a slump in income from lettings and other fundraising activities.

The DfE has provided additional funding to support pupils in ‘catching up’ – the Covid Catch-up Premium will be paid as a one-off grant at a rate of £80 per pupil. The school will receive £14,960 in three instalments. Additionally, schools can now claim for exceptional supply teaching costs associated with staff absence due to the pandemic.

### Financial Position – Three Year Projection

The school has prepared a medium term financial forecast – please see attached. This forecast is based on the following assumptions:

- Inflationary pay awards will be capped at 1% per annum (although a pay freeze is likely).
- Per pupil funding will increase by 1% per annum.
- Pupil numbers will remain in line with RMBC projections.
- Lettings income will recover in future years as Government restrictions on social distancing ease.
- Pupil Premium eligibility will remain static at around 36.5%.

Based on these assumptions the school is forecasting a deficit of approx. £12,000 in 2021-22 and £76,000 in 2022-23. The deficit position in 2021-22 is largely due to a significant reduction in pupil numbers (reducing from 187 to 169 – financial impact of £79,000). Whilst the projected deficit of £12,000 in 2021-22 is not ideal, it is manageable in the short term. However, the school will need to take decisive action in 2021-22 to avoid a potential deficit of £76,000 in the following year.

When developing medium term financial forecasts there are a number of challenges, including:

- High pupil mobility – the school serves a catchment that has high mobility and this can make financial planning extremely challenging. Pupil numbers tend to fluctuate and this can have a significant impact on funding.
- Levels of SEN – Rotherham has a severe shortage of places in alternative provision for SEN pupils with high need. This shortage has placed additional pressure on mainstream schools to provide support to more vulnerable pupils – and this comes at a price. The time lag in securing funding for pupils can impact on the financial health of the school.
- Government policy – over 98% of total income comes in the form of grant funding from the DfE. A shift in Government policy will inevitably impact on how the school structures its workforce and its finances.
- Nationally agreed pay awards – pay awards for teaching and support staff are negotiated nationally and schools have no control over this. The current forecast assumes a 1% increase per annum – but this may well change over the coming months when further guidance becomes available.

### Next Steps.....

The medium term forecast is projecting a deficit from 2021-22 onwards. However, the financial health of the school must be balanced against pupil wellbeing and progress. The school has already taken positive steps in reducing staff costs and reviewing its leadership structure. To ensure the school is able to continue on its road to being a 'good' school I would advise the following:

- The school develops a fully integrated financial plan which underpins the School Improvement Plan;
- The deficit in 2021-22 (approx. £12,000) is managed as tightly as possible;
- Develop a plan for 2022-21 which prevents the deficit escalating beyond control;
- Allow the new leadership team sufficient resource to address key school improvement priorities.

### Post Academisation

Following conversion JMAT will continue to support the school in improving educational outcomes whilst managing the financial position. The Trust can agree with the school a licenced deficit to ensure pupil progress is not compromised by financial restraints.

Post academisation Governors will continue to play a role in ensuring the school remains financially viable and is achieving value for money. Further scrutiny and challenge will also come from the Trust Audit & Risk Committee and the Board of Trustees.

As an academy Meadow View Primary will be subject to the financial regulations set out by JMAT (which are aligned to the Academies Financial Handbook). The school will retain control of its budget and will continue to make their own purchasing decisions. The Trust will become legally responsible for the school so will request regular budget updates and maintain oversight – usually through internal/external audit review.

As a Trust we require all schools to produce a three year budget forecast. The position of all schools must be secure – although agreement can be reached with Headteachers/LGBs to operate a modest deficit in the medium term to support school improvement.