



Date of Meeting: 4 June 2019

Lead Member: Cllr Andrew Parry, Lead Member for Children's Services

Lead Officer: Sarah Parker, Executive Director for People- Children's

Executive Summary:

Budmouth College was judged to be inadequate by Ofsted in May 2018. This resulted with Ofsted directing the college to become a sponsored academy. It is scheduled to be taken over by Aspirations Academy Trust (AAT) on 1 September 2019.

Budmouth College currently carries a budget deficit. The Academisation Act states that this debt will fall to Dorset Council on academisation. In addition, the Council has been asked to cover the cost of the restructure to a maximum of £600k.

This paper concerns the costs of staff restructuring. The paper does not consider the wider academisation context.

Cabinet is invited to consider two options:

- **Option 1.** Agree to pay restructuring costs up to an agreed level (not exceeding £600K).
- **Option 2.** Do not agree to restructuring costs.

Equalities Impact Assessment:

N/A. Responsibility for this sits with Budmouth College.

Budget: Up to £600k.

Risk Assessment:

Having considered the risks associated with this decision, the level of risk has been identified as:

Current Risk: **HIGH**  
Residual Risk **HIGH**

This decision is high risk for the following reasons:

- **Financial Implications.** The total cost of academisation is likely to be significant. Staff restructuring costs would add to this.

- **Legality.** Dorset Council is legally required to take all reasonable steps to facilitate the conversion of the school into an academy. Staff restructuring is seen by the Regional Schools Commissioner as vital step in this process. Failure to support academisation is likely to result in representation from government.
- **Public Interest.** There has been a significant public reaction to the academisation of Budmouth and the associated staff restructuring. Dorset Council will need to take account of this.

Other Implications:

Staff restructuring will help to facilitate the move to becoming an Academy. A decision not to take this forward therefore has the potential to delay the academisation process.

Recommendation:

It is recommended that Cabinet rejects the request. There are alternative opportunities to access funding for the restructure, that will not place pressure directly on the council budgets.

Reason for Recommendation:

Option 1 would incur additional cost to the council and put pressure on the budget as this cost is not budgeted for in 2018/19.

Option 2 would result in restructure costs being identified from elsewhere and could potentially impact the Interim Executive Board (IEB) restructure timetable.

Appendices:

N/A

Background Papers:

N/A

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Budmouth College is a foundation school<sup>1</sup> which was judged to be inadequate by Ofsted in May 2018. This resulted with the college being directed to become a sponsored academy and is scheduled to be taken over by Aspirations Academy Trust (AAT) on 01 September 2019.

As a sponsored academy the revenue deficit is left with the local authority at the point of academisation. At this stage in the academisation process the Interim Executive Board (IEB) is proposing that action is taken to restructure the staff in order to contain costs. The restructure will cover management and support staff and costs will not exceed £600k. The College deficit will fall to Dorset Council on academization however the council is not statutorily bound to meet the college restructure costs. This paper only concerns the question of whether or not Dorset Council is willing to underwrite the costs of staff restructuring. The paper does not consider the wider academisation context or the full cost of the academisation process.

## 2. **Recommendation**

It is recommended that Cabinet rejects the request as there are alternative opportunities to fund the restructure, included the DfE, that will not place pressure directly on the council budgets.

## 3. **Timing**

Staff restructuring has been aligned to Cabinet decision. The Cabinet decision would result in the IEB having to pursue alternative funding routes, which may impact the roll out of the new restructure.

## 4. **Financial Situation**

The College is in deficit and total staff costs are now 93% of the school budget. Usual school staff costs are around 80% of the budget; the national average is 75%. The sum of £600k was requested by AAT as an upper limit of liability for staff restructuring.

## 5. **The Role of the Interim Executive Board (IEB)**

The IEB is a small body appointed on a short-term basis by Dorset Council to provide governance, traction on improvement and oversee the transition to academisation. The Budmouth IEB was appointed on 23 July 2018. It replaced the governing body and its main functions are to secure a sound basis for future improvement in the school and promote high standards of educational achievement.

The IEB has identified measures that they believe would provide for better operational effectiveness and improved efficiency of support staff functions. A decision has been made to bring these forward as formal proposals, subject to consultation with staff and the relevant trade unions. The proposals are designed to enable essential savings to be generated to ensure the financial stability of the

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<sup>1</sup> In [England](#) and [Wales](#), a foundation school is a state-funded school in which the [governing body](#) has greater freedom in the running of the school than in [community schools](#). Under Section 22 the Local Education Authority has a duty to maintain a Foundation School.

college and to bring the support staff costs in line with that of other schools. The support staff element of the budget is significantly higher than that of other schools and so potential savings have been identified firstly in this area.

6. **Legislation** The relevant legislation is summarised below:

6.1 **Academies Act 2010**

Section 5B of the Academies Act 2010 places a duty on the local authority to facilitate conversion. Section 5B(1) says that where an academy order under section 4A(1) or (1B) has effect in respect of the school, the Governing Body of the School and the local authority must take all reasonable steps to facilitate the conversion of the school into the academy. The meaning of 'reasonable steps' is therefore open to interpretation; there is no requirement to agree to additional costs.

6.2 **DfE Guidance Note: Treatment of Surplus and Deficit Balances when Maintained Schools Become (March 2018)**

Paragraph 6.1 of the DfE Guidance Note says that "*where a school with a deficit is to open as a sponsored academy the deficit remains with the local authority to be funded from its core budget.* School deficits are not an allowable charge on the local authority's schools' budget (funded by its allocation of Dedicated Schools Grant); however, if the school's forum has agreed to de-delegate a contingency provision then the deficit may be funded from that contingency, depending on the criteria agreed for its use.

7. **Risk** This decision is considered HIGH risk for the following reasons:

7.1 Financial Implications - The total cost of academisation is likely to be significant. Both the restructuring costs themselves or a period of delay would add to this.

7.2 Legality - Dorset Council is legally required to take all reasonable steps to facilitate the conversion of the school into an academy. Staff restructuring is seen by the Regional Schools Commissioner as vital step in this process. Failure to support academisation is therefore likely to result in representation from government.

7.3 Public Interest - There has been a significant public reaction to the academisation of Budmouth and the associated staff restructuring. Dorset Council will need to take account of this.

9. **Options.** Cabinet is invited to consider two options:

9.1 Option 1 - Agree to pay restructuring costs up to an agreed limit (not exceeding £600k).

9.2 Option 2 - Do not agree to restructuring costs.