



Lynne Neagle AC  
Cadeirydd  
Y Pwyllgor Plant, Pobl Ifanc ac Addysg

17 Tachwedd 2017

Annwyl Lynne,

Yng nghyfarfod y Pwyllgor Plant, Pobl Ifanc ac Addysg ddydd Iau 16 Tachwedd 2017, cytunais i ddarparu rhagor o wybodaeth yn ymwneud â rhai o'r cwestiynau a godwyd. Mae'r wybodaeth isod.

### Rheoli cronfeydd wrth gefn ysgolion

Yn dilyn cyhoeddi'r wybodaeth ddiweddaraf am gronfeydd wrth gefn ysgolion, sef y sefyllfa ar 31 Mawrth 2017, ystyriais ei bod yn briodol ysgrifennu at Awdurdodau Lleol Sir Ddinbych a Phowys i gael sicrwydd eu bod yn gwarchod eu cyllidebau ar gyfer ysgolion. Amgaeaf gopi o'm llythyr a'r ymatebion a gefais gan arweinwyr Cynghorau Sir Ddinbych a Phowys. Yn ogystal, rwyf wedi gofyn i lywodraeth leol sicrhau bod ysgolion yn gwneud defnydd da o'r cyllid a roddir iddynt. Er bod lefel gyffredinol y cronfeydd wrth gefn wedi gostwng a rhai ysgolion yn gwneud defnydd gwell o'u cyllid nag eraill, mae'r sefyllfa yn parhau'n amrywiol. Mae rhai ysgolion yn parhau i fod â balansau uwch sy'n fwy na 10% o'i gwariant dirprwyedig, tra bod y lefelau cyffredinol wedi gostwng yn gyflym yn y ddau awdurdod uchod.

### Dadansoddiad o'r BEL Codi Safonau Ysgolion yn 2018-19

Mae *Addysg yng Nghymru: Cenhadaeth ein cenedl* yn disgrifio sut bydd y system ysgolion yn symud ymlaen i gyflwyno'r cwricwlwm newydd gyda chymorth arweinyddiaeth, dysgu proffesiynol, a rhagoriaeth a thegwch o fewn system hunanwella. Mae'r cynllun gweithredu'n canolbwyntio ar godi safonau, lleihau'r bwlch cyrhaeddiad a darparu system addysg y gall y genedl i gyd fod yn falch ohoni a bod a hyder ynddi.

Mae ymrwymiad Llywodraeth Cymru i fuddsoddi £100 miliwn i godi safonau yn ystod tymor presennol y Cynulliad yn cyd-fynd â'n cynllun gweithredu cenedlaethol ac wedi'i strwythuro yn erbyn ei brif amcan a'r pedwar amcan galluogi.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Yn 2018-19, rydym wedi cyllidebu i wario £25 miliwn i gefnogi, gwella a chyflymu ystod o gamau gweithredu i gyflawni'r cynllun gweithredu. Fel yn 2017-18, disgwylir elfen o or-raglennu i gyfrif am newidiadau naturiol a sicrhau ein bod yn gwneud y defnydd gorau o'n buddsoddiad yn ystod y tymor hwn. Felly, mae'r ffigurau'n fras.

Cwricwlwm ac Asesu	£3.0 miliwn (12%)
Arweinyddiaeth	£3.25 miliwn (13%)
Dysgu Proffesiynol	£13.25 miliwn (53%)
System Hunanwella	£5.0 miliwn (20%)
Llesiant	£0.5 miliwn (2%)
Cyfanswm	£25.0 miliwn (100%)

O fewn y dyraniadau hyn ceir:

- £3.2 miliwn i gefnogi'r broses o drawsnewid y system ADY fel rhan o fuddsoddiad gwerth £10.1 miliwn a gynlluniwyd ar gyfer tymor y Cynulliad hwn.
- £4.2 miliwn ar gyfer addysgu a dysgu'r Gymraeg, gan gynnwys parhau i ehangu cynllun sabothol y Gymraeg, darparu rhaglen ranbarthol o ddysgu proffesiynol, denu mwy o ddarpar athrawon i addysgu drwy gyfrwng y Gymraeg, cefnogi ysgolion i ddarparu rhagor o gyflleoedd i ddysgwyr ddefnyddio eu sgiliau Cymraeg, a pharhau â rhaglen ymchwil a gwerthuso i sicrhau bod y gwaith o addysgu a dysgu'r Gymraeg a thrwy gyfrwng y Gymraeg wedi'i seilio ar arfer orau.
- £0.6 miliwn dros 3 blynedd i wella'r defnydd a wneir o reolwyr busnes i gefnogi arweinwyr ysgol a rhyddhau amser penaethiaid i ganolbwyntio ar addysgu a dysgu. Bydd yr Awdurdodau Lleol yn darparu arian cyfatebol ar gyfer hyn, a fydd yn golygu cyfanswm o £1.28 miliwn dros y tymor hwn i gefnogi'r cynlluniau peilot.
- Mae'r £1 miliwn yn 2018-19 ar gyfer Cerddoriaeth mewn Addysg, a gyhoeddwyd fel rhan o gytundeb Plaid Cymru, y tu allan i'r ymrwymiad hwn ac wedi'i bennu yn y BEL Asesu'r Cwricwlwm (5162).

Mae'r elfen o'r gyllideb y bwriedir ei roi i'r consortia rhanbarthol, fel un o'n prif bartneriaid cyflenwi, yn adlewyrchu camau gweithredu ar draws yr amcanion galluogi. Bydd yn cefnogi nifer o feysydd, gan gynnwys:

- Clybiau codio
- Cynllun Llafaredd y Fframwaith Llythrennedd a Rhifedd Cenedlaethol
- Darpar arweinwyr
- Cydweithio
- Datblygu ysgolion fel sefydliadau sy'n dysgu
- Datblygu proffesiynol Cymraeg
- Rhwydweithiau rhagoriaeth cenedlaethol
- Cymhwysedd digidol
- Safonau proffesiynol
- Cynorthwywyr addysgu lefel uwch

#### Digonolrwydd cefnogaeth Awdurdodau Lleol a Chonsortia i lywodraethwyr

Mae'r awdurdodau lleol a'r consortia addysg rhanbarthol eisoes yn darparu ystod eang o wasanaethau cymorth ar gyfer llywodraethwyr er mwyn eu helpu i ddeall eu dyletswyddau statudol ac ymdrin ag ymholiadau cymhleth. Er enghraifft, maent yn:

- darparu hyfforddiant i lywodraethwyr er mwyn bodloni gofynion hyfforddi gorfodol Llywodraeth Cymru (yn ogystal â hyfforddiant arall);
- darparu gwasanaethau clericio i'r ysgolion hynny sy'n rhan o Gytundebau Lefel Gwasanaeth;
- darparu cynadleddau rhanbarthol ar gyfer llywodraethwyr ar ddatblygiadau lleol a chenedlaethol sy'n effeithio arnynt.

Mae nifer o awdurdodau lleol a/neu consortia hefyd yn darparu deunyddiau ysgrifenedig ar gyfer llywodraethwyr ar ffurf llawlyfrau, dogfennau canllaw a chylchlythyrau ar eu gwefannau. Mae'r gwasanaethau hyn yn adlewyrchu'r sefyllfa leol a chenedlaethol gan fod llawer iawn o'r hyfforddiant a'r gwasanaethau sydd ar gael i lywodraethwyr yn deillio o ddatblygiadau ym mholisi addysg Llywodraeth Cymru.

Nid yw Llywodraethwyr Cymru wedi ymdrin â rhai o'r argymhellion a ddeilliodd o adolygiad o'u gweithgareddau a'u gwasanaethau yn 2014/15. Nid oes llawer wedi'i gyflawni o ran alinio rôl y swyddog datblygu â'r consortia, ac ychydig iawn o gynnydd a wnaed gan Lywodraethwyr Cymru o ran cael incwm ychwanegol wrth bartneriaid eraill neu drwy weithgareddau codi arian.

Er y gwelwyd rhywfaint o gynnydd yn y niferoedd sy'n defnyddio'r llinell gymorth a'u gwefan, mae'r rhan fwyaf o lywodraethwyr ysgol yn parhau i gael cymorth gan eu hawdurdodau lleol a'u consortia. Yn ogystal, dim ond tua 2,000 o lywodraethwyr (o gyfanswm o oddeutu 21,000) sydd wedi cofrestru â rhestr bostio'r sefydliad.

Yn ystod yr adolygiad, dangosodd arolwg o blith sampl o ychydig dros fil o lywodraethwyr, cadeiryddion byrddau llywodraethu a chlercod mai dim ond 10% sy'n cysylltu â Llywodraethwyr Cymru pan fo ganddynt gwestiwn ynghylch eu rôl. Roedd y rhan fwyaf ohonynt yn cysylltu â'u hawdurdod lleol, cadeirydd y llywodraethwyr, llywodraethwyr eraill neu'r pennaeth, neu'n cysylltu â'u mentoriaid neu'r awdurdodau esgobaethol. Gofynnwyd i'r ymatebwyr a oeddent wedi defnyddio llinell gymorth Llywodraethwyr Cymru, a dim ond 10% o'r 981 a ymatebodd a oedd wedi'i gwneud hynny.

### Diweddariad ar yr adolygiad o weithio'n rhanbarthol yng nghyd-destun llywodraethu ysgolion

Byddwn yn gweithio gyda'r consortia rhanbarthol i liniaru effaith bosibl colli gwasanaethau Llywodraethwyr Cymru. Rydym eisoes wedi derbyn adborth gan y consortia rhanbarthol ar y mater hwn. Mae'r consortia rydym wedi ymgysylltu â nhw hyd yn hyn wedi datgan nad ydynt yn rhagweld y bydd unrhyw faterion arwyddocaol yn codi pe bai Llywodraethwyr Cymru'n dod i ben.

Gwyddom hefyd, serch hynny, fod Llywodraethwyr Cymru wrthi'n ymchwilio i weld faint o gefnogaeth sydd i'r syniad o gyflwyno system danysgrifio i gyrff llywodraethu ar gyfer aelodaeth a mynediad at eu gwasanaethau. Os ydynt yn gallu creu trefn hunangyllido lwyddiannus (fel Cymdeithas Genedlaethol y Llywodraethwyr yn Lloegr er enghraifft) gallant barhau i gynnig gwasanaethau i'r cyrff llywodraethu hynny sy'n dymuno manteisio arnynt.

Ym marn y consortia mae'n debygol bod llai o ddefnydd o wasanaethau Llywodraethwyr Cymru ers i'r consortia rhanbarthol gael eu sefydlu. Er enghraifft, mae'r consortia'n darparu cynadleddau rhanbarthol ar gyfer llywodraethwyr, sy'n rhywbeth nad yw Llywodraethwyr Cymru'n ei wneud bellach.

Dywedodd un consortiwm nad oeddent yn disgwyl y byddai colli Llywodraethwyr Cymru yn cael effaith fawr yn eu hardal, a bod rhywfaint o ddyblygu o ran eu gwasanaethau nhw a gwasanaethau Llywodraethwyr Cymru.

Bydd y datblygiadau hyn yn fodd i bennu cyfeiriad clir yn y Model Cenedlaethol newydd er mwyn cryfhau gwasanaethau i lywodraethwyr drwy eu darparu ar lefel mwy rhanbarthol.

### Nodyn ar y memorandwm cyd-ddealltwriaeth newydd yn ymwneud â gwariant y Grant Gwella Addysg

Dros y ddwy flynedd nesaf, bydd Llywodraeth Cymru'n darparu mwy na £225 miliwn drwy'r Grant Gwella Addysg i Ysgolion er mwyn helpu ysgolion, consortia rhanbarthol ac Awdurdodau Lleol i wella deilliannau addysgol ar gyfer dysgwyr yng Nghymru. Mae hyn yn fuddsoddiad sylweddol drwy gyllid grant ychwanegol Llywodraeth Cymru.

Yn ystod y cyfnod hwn, fel rhan o'r dull gweithredu llywodraeth gyfan i flaenoriaethu cyllid ar gyfer gwasanaethau rheng flaen ysgolion a gofal cymdeithasol drwy Grant Cynnal Refeniw Setliad Llywodraeth Leol, rwy'n cynnig darparu £22.2 miliwn o gyllideb y Grant Gwella Addysg. Yn fy mhapur tystiolaeth i'r Pwyllgor i gefnogi'r broses o graffu ar y Gyllideb Ddrafft, soniais am y posibilrwydd o gynnwys y cymorth ar gyfer gwasanaethau Cyflawniad Lleiafrifoedd Ethnig mewn Addysg yr Awdurdodau Lleol a chymorth ar gyfer dysgwyr sy'n Sipsiwn, Roma a Theithwyr.

Dylwn bwysleisio fod hyn yn rhan o'r Gyllideb Ddrafft, ac fel y soniais yng nghyfarfod y Pwyllgor nid oes penderfyniad pendant wedi'i wneud eto. Mae fy swyddogion yn gweithio gyda CLILC ar y manylion a byddaf yn rhoi diweddariad i'r aelodau maes o law. Gallaf gadarnhau fy mod wedi ysgrifennu at Arweinydd CLILC i nodi fy nisgwyliadau ar gyfer y cyllid o £170 miliwn dros ddwy flynedd y mae Llywodraeth Cymru'n ei flaenoriaethu ar gyfer ysgolion, er mwyn cefnogi Llywodraeth Leol wrth iddynt bennu eu cyllidebau. Mae fy nisgwyliadau'n glir ac yn canolbwyntio ar wasanaethau rheng flaen ysgolion, parhau i fuddsoddi mewn trefniadau gwella ysgolion rhanbarthol a chymorth parhaus i leihau a dileu'r rhwystrau i addysg ar gyfer ein dysgwyr mwyaf agored i niwed.

### Diweddariad ar nifer y ceisiadau gan awdurdodau lleol i leihau maint dosbarthiadau babanod (yn ôl awdurdod lleol)

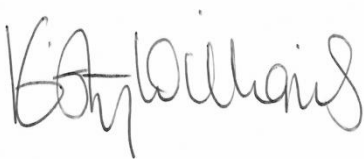
Mae pob un o'r 22 awdurdod lleol wedi cyflwyno achosion busnes ar gyfer defnyddio'r grant maint dosbarthiadau. Mae'r achosion hyn yn cael eu hasesu ar hyn o bryd yn unol â'r meini prawf allweddol ar gyfer y grant.

### Diweddariad ar y cyllid o £10 miliwn i wrthbwysu'r incwm is na'r disgwyl ar gyfer Sefydliadau Addysg Uwch

Nid oes unrhyw wybodaeth bellach ar gael ar hyn o bryd. Fel y dywedais yng nghyfarfod y Pwyllgor, byddaf yn cwrdd ag Ysgrifennydd y Cabinet dros Gyllid i drafod y mater. Rwy'n hapus i roi diweddariad i'r Pwyllgor pan fyddaf wedi gwneud hynny.

Gobeithio bod yr wybodaeth hon yn ateb y pwyntiau ychwanegol a godwyd.

Yn gywir



**Kirsty Williams AC/AM**

Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education

**Kirsty Williams AC/AM**  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref: MA-P/KW/3631/17

Councillor Rosemarie Harris  
Leader of Powys County Council

[cllr.rosemarie.harris@powys.gov.uk](mailto:cllr.rosemarie.harris@powys.gov.uk)

23 October 2017

Dear Rosemarie,

On the 19 October the Welsh Government released information provided by Local Authorities around school reserves as at 31 March 2017.

This is a challenging time for public service budgets with the UK Government's continued commitment to austerity and the money to Wales reducing in real terms each year. In previous budget rounds the Welsh Government has sought to protect Local Government from the worst of the reductions with a protection for schools, a cash increase to the overall Settlement this year, and a Draft Budget which prioritises local services, schools and social care through the Settlement Revenue Support Grant in 2018-19 and 2019-20.

Against this backdrop the information released on 19 October shows Powys to have school reserves equivalent to £2 per pupil.

What assurances can you give me that your authority has plans in place to safeguard school budgets and to ensure that schools with negative balances are brought back to modest surpluses quickly and sustainably?

I look forward to your reply.

Yours sincerely

**Kirsty Williams AC/AM**  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

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LD1 5LG

13 November 2017

Ms Kirsty Williams AM  
Cabinet Secretary for Education  
Welsh Government  
Cardiff Bay  
Cardiff  
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Dear Kirsty,

Thank you for your letter dated 23<sup>rd</sup> October 2017, in respect of school reserves and budgets.

It is an extremely challenging time for public service budgets, but an extra £1m was invested in schools in the 2017-18 budget, and this has been recommended again for 2018-19. I can confirm that Education alongside Adult and Childrens Social Services remain key priorities for the Council.

The Council are working with seventeen schools who submitted deficit budgets, these were not licensed by the cabinet in July 2017. These schools were issued with a Notice of Concern and were required to submit recovery plans to the Council by the 29<sup>th</sup> September 2017. The majority of schools complied with the Notice of Concern and are now in a position to submit recovery plans for approval which would move them into a licensed position. An updated school balance report will be considered by the Education Scrutiny Committee in November.

It is a priority of the Council to progress further formal intervention with the schools that are not engaging to reduce deficit balances.

There are a number of reviews in progress that will refine the current funding mechanisms:

- The Audit and Education Scrutiny Group, within their work programme, are undertaking a review, to ensure that schools and the Council are effective in their resource management.

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**Cyngor Sir Powys County Council**

- In addition the Council has commenced a fundamental review of the fair funding formula for schools which will evaluate the distribution of the funding available to schools. There are both short and long term objectives expected to be delivered from this review.

I hope this provides reassurance about the commitment from the Council to the future funding of Powys schools.

Yours sincerely

A handwritten signature in cursive script, appearing to read "Rosemarie Harris".

**County Councillor Rosemarie Harris  
Executive Leader, Powys County Council**

Kirsty Williams AC/AM  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
Ein cyf/Our ref: MA-P/KW/3631/17

Councillor Hugh Evans  
Leader of Denbighshire County Council

[hugh.evans@denbighshire.gov.uk](mailto:hugh.evans@denbighshire.gov.uk)

23 October 2017

Dear Hugh,

On the 19 October the Welsh Government released information provided by Local Authorities around school reserves as at 31 March 2017.

This is a challenging time for public service budgets with the UK Government's continued commitment to austerity and the money to Wales reducing in real terms. In previous budget rounds the Welsh Government has sought to protect Local Government from the worst of the reductions with a protection for schools, a cash increase overall in the Settlement this year, and a Draft Budget which prioritises local services, schools and social care through the Settlement Revenue Support Grant in 2018-19 and 2019-20.

Against this backdrop the information released on 19 October showed Denbighshire to have school reserves in a overall deficit position equivalent to -£70 per pupil.

What assurances can you give me that your authority has plans in place to safeguard school budgets and to ensure that schools with negative balances are brought back to modest surpluses quickly and sustainably?

I look forward to your reply.

Yours sincerely

**Kirsty Williams AC/AM**  
Ysgrifennydd y Cabinet dros Addysg  
Cabinet Secretary for Education

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

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Eich cyf / Your ref

Ein cyf / Our ref

Dyddiad / Date

Rhif union / Direct dial

HHE/SEE

7 November 2017

01824 706097



Kirsty Williams AM  
Cabinet Secretary for Education  
Welsh Government  
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[PS.CabSecEducation@gov.wales](mailto:PS.CabSecEducation@gov.wales)

Dear Kirsty

Many thanks for your letter dated October 23<sup>rd</sup>, 2017 regarding the information provided by Local Authorities around financial reserves as at March 31<sup>st</sup>, 2017.

I can assure you that the Authority has secure plans in place to support schools with negative balances in order to bring them back into a secure financial position. We have a Challenge and Intervention Strategy for schools in financial difficulty (document attached) and through this process are confident that we can support schools through this challenging time.

School balances were at a high of £3.9m in 2013-14 before falling steadily since. It is important to note that during this period the 1% protection pledge to school budgets has been met in every year, but it hasn't been enough to keep up with the financial pressures placed upon schools. The pay rises and the N.I increase for teachers during this period was especially difficult for the Sector.

The value of Welsh Government Protection to Denbighshire County Council Schools was £4.422m over 6 years from 2011/12 to 2016/17 whereas DCC School Budgets increased by £7.519m over same period. Even with this extra non-statutory investment schools have struggled to cope financially. In particular 2016/17 was a difficult year for schools and council finances alike. DCC protected schools by £1.173m, but the actual school pressures were somewhere nearer to £2.5m so there was a significant funding gap (mainly as a result of the changes to NI and Pension Costs announced a number of years before by the Coalition Government). There have however been no efficiency savings applied to school budgets during the period of protection, unlike the cuts felt by other Council services.

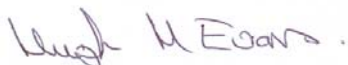
DCC schools also pay their own redundancy and EVR costs. This does however allow them to plan their overspends through a 3 year budgeting process which is monitored closely through our Schools in Financial Difficulty Policy. Our balances are however set to stabilise in 2017/18 and there is a feeling the worst may have passed, but pressure to give pay rises of >1% and further cuts to Council budgets in future years would be a threat. There are also several schools who have now stabilised their deficit but are struggling to clear it, and any further cost pressures could see their deficits increase once more.

/ cont .....

I can assure you that schools in Financial Difficulty are supported throughout the process and are monitored carefully to ensure they are able to secure a recovered position. Regular meetings are held with officers and an escalation process is in place when a planned recovery is not achieved.

I hope this and the supporting document gives you an assurance that there are adequate plans in place to ensure schools with negative balances are brought back to modest surpluses as quickly as possible.

Yours sincerely,



**Cllr Hugh H Evans OBE**  
**Leader of Denbighshire County Council**

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Website: [www.denbighshire.gov.uk](http://www.denbighshire.gov.uk)

# Denbighshire County Council

## Schools Reporting Timetable and Challenge & Intervention Framework for Schools in Financial Difficulty



**Created:** June 2013

**Last Updated:** June 2017

**Author:** Schools Support Team

Introduction

The Denbighshire Scheme for Financing Schools prohibits schools from planning for a deficit when preparing their annual budget plans. In support of the Authority's monitoring and intervention role the scheme requires schools:

- To return a draft 3 year budget to the LA and if applicable, submit notification that they are unable to set a balanced budget by the 1<sup>st</sup> April each year
- To gain approval, where applicable, for a planned deficit, by the 1<sup>st</sup> May of each year including submission of the proposed recovery plan intended to support the reduction/removal of that deficit. Any unplanned deficits that occur within the financial year due to unforeseen circumstances must be reported as soon as they become known to the school. Approval to carry forward that deficit to the new financial year must be sought.
- To submit a final Governor approved budget (surplus or deficit) by the 31st May each year to include a financial recovery plan for those schools who have been granted a licensed deficit

Schools should only apply for a licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on educational provision.

Denbighshire County Council has no power to write off the deficit balance of any school and all deficits will remain a liability of the Governing Body until paid back. This applies in all circumstances including during school re-organisation.

Schools must, where possible, avoid the need to apply for a licensed deficit by robustly managing their 3 year budget planning process and being proactive in responding to changes early enough to allow mitigating actions to be implemented.

Where it is found that deficits have occurred as a result of financial mismanagement at a school level then Denbighshire County Council will consider the merits of enforcing its powers under S51 of the Schools Standards and Framework Act to remove financial delegation from the school. Denbighshire is however committed to working with the Governing Body to ensure this can be avoided where possible.

#### What is the purpose of the Framework?

The challenge and intervention framework is intended to act as a mechanism for the Authority to provide schools with an appropriate level of challenge and support to help them set a balanced budget or if this is not achievable to prepare a recovery plan that sets out the action the school will take to achieve a sustainable financial position over an agreed period of time.

The framework will provide schools with:

- **An agreed timescale in which to take the action required to balance the budget**  
A school will normally be expected to deliver its recovery plan within a three year period. This may be extended in exceptional circumstances where a school cannot deliver a recovery plan over three years without seriously affecting its educational provision or standards. Any extension beyond a two year period must be agreed by Denbighshire's Head of Education and Section 151 Officer.
- **Support, Monitoring and Challenge**  
Financial and operational management support and challenge through a network of advisors including Education Officers, Finance Officers and HR Officers.

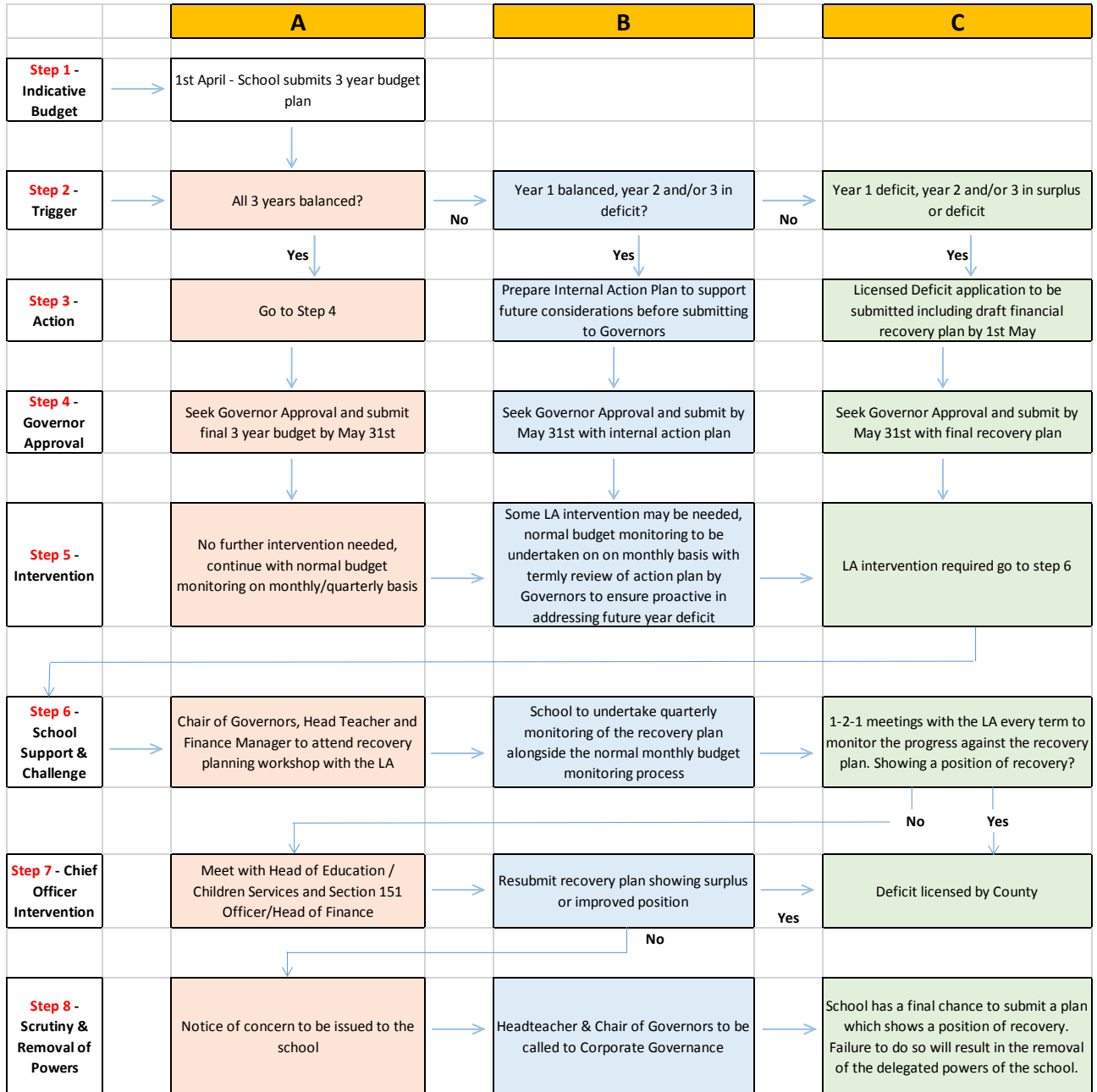
This may include the provision of:

- Benchmarking data
- Financial analysis
- Audit information
- Regulatory Advice

- Contextual data – e.g. demographic changes
- Focused training sessions relevant to the situation

Any school failing to comply with this framework by taking actions to meet the requirements will be in breach of their financial management responsibilities. This will be challenged and can lead to intervention by the S151 Officer and potential removal of the delegated powers of the school

The process for challenging and supporting schools is defined in the diagram below:



Each of the steps in the diagram is explained below.

### Step 1: Indicative Budgets

The school will submit their DRAFT 3 year budgets to the School Funding Team by the 1<sup>st</sup> April of each year. These will be based on the final budget released to schools within the annual school budget formulation cycle.

### Step 2 & 3: Trigger/Action

If a school submits a 3 year budget plan that shows a surplus position in each of the 3 years no intervention will be required and they will only be required to seek Governor Approval and continue to monitor as part of the normal budget monitoring process for schools.

If a school submits a 3 year budget plan that shows a surplus position in year 1 but a potential deficit in year 2 and/or year 3 then there will be no direct requirement for intervention however the schools will be required to prepare an internal action plan that outlines their commitment to address future year's deficits. They will then only be required to seek Governor Approval and monitor as part of the normal budget monitoring process for schools with the action plan being reviewed on a termly basis.

If a school submits a 3 year budget plan that shows a year 1 deficit and/or surplus/deficit in years 2 & 3 then direct intervention will be required. The school must initially apply for a licensed deficit by 1<sup>st</sup> May with a draft financial recovery plan as supporting documentation. The recovery plan must indicate the actions that will be taken to bring the financial position back into balance. This may be through a combination of income generation and/or a reduction in expenditure and will in most cases result in staffing implications.

If the Recovery Plan is not deemed robust enough to deliver the savings needed the licensed deficit will be rejected. Schools will be in breach of financial regulations if they set a deficit budget that has not been approved via the appropriate process

Schools are required to re-apply for a licensed deficit on an annual basis, even where a recovery plan has been agreed previously. This will allow the LA to ensure that the recovery plan is on track to being delivered and mitigates the risk of further changes at the detriment to the schools financial position

### Step 4: Governor Approval

In all cases schools must ensure that Governors are accountable for the financial position of the school. The 3 year Governor Approved budget plan must be submitted by 31<sup>st</sup> May of each year to include a recovery Plan for those in deficit.

### Step 5: Intervention

Those schools that are in surplus over the 3 year period will not require any direct intervention and will simply be required to monitor their position within the normal monthly monitoring process. Those schools who may be facing a year 2 and/or year 3 deficit may require intervention dependent upon the severity of the forecast position. This will be provided at the request of the school and if deemed appropriate.

Those schools that are in deficit in the current year will require intervention under step 6 of the above process.

## Step 6: School Support and Challenge

Financial advice, information and training will be available to support schools in recovering from a deficit financial position. This will initially be via a financial recovery workshop that will be set up between the Head teacher, Chair of Governors and Finance Manager. Schools will then be required to continue to monitor the plan, as a minimum on a termly basis and re-submit as necessary.

1-2-1 meetings will be held between the school and LA Officers to ensure the recovery plan is continually validated and appropriately monitored. **Paperwork for this meeting must be received by the Schools Support Team at least 3 working days prior to it taking place, or the meeting will be cancelled and the position escalated. Full spreadsheets including the 3 year plan, recovery plan and staffing list are required.**

Following the submission of a recovery plan a number of validation checks will be completed by the School Funding Team to ensure that the plans are reasonable. This will be done by: -

- Comparing the current year's income and expenditure budgets with previous years' trends to identify any significant differences.
- Checking that the correct balances have been brought forward into the current year and all funding delegated by the Local Authority has been taken in to account.
- Actions included in the recovery plan are realistic and that by implementing them the required level of savings can be achieved.
- Any areas that are unclear or simply not achievable will be queried with the school and clarification sought.

Where the plans are deemed to be suitable then they will be accepted by the Local Authority and reviewed throughout the year in the termly 1-2-1 meetings.

The licensed deficit will be approved by the Head of Education & S151 Officer and written confirmation will be sent to the school once the licensed deficit has been processed.

## Step 7: Chief Officer Intervention

This step is for those schools who are unable to show a position of recovery following meetings with the LA. The Chair of Governors, Head Teacher and Finance Manager will be called to meet with the Head of Education plus the Section 151 Officer to discuss the financial recovery plan submitted.

The School will have another opportunity to re-submit a recovery plan showing a surplus position.

If the plans are deemed to be suitable they will be accepted by the Local Authority and reviewed throughout the year in the termly 1-2-1 meetings.

## Step 8: Corporate Governance Committee & Removal of Delegated Powers

Intervention is proposed to escalate at three levels. It is envisaged that deficit schools will engage with the Local Authority well before the need for intervention as these arrangements are the last resort, for the protection of public monies and to protect the overall resource for all schools. The levels of intervention are:

1. Notice of Concern issued to School

A school that fails to not take the necessary action will be given a formal notice of concern, stating the action the Local Authority recommends they should take to bring the budget back in to balance including any charging of interest on the deficit.

2. School given 1 month to respond to notice of concern

An explanation will be required from the school about the action being taken to safeguard the school's financial position and why progress to date has not been satisfactory.

**The School will also be requested to discuss the deficit at the Council's Corporate Governance committee.**

3. Suspension of delegated financial powers

Where the LA considers that insufficient progress or cooperation has been made decision will be made by the Head of Education and S151 Officer to suspend delegation. Under suspension the authority would take control of the budget and take the necessary action before returning control to the Governing Body. During the suspension school staff would be responsible to the authority for the day-to-day financial administration in the school and all budgetary decisions will be removed from the school.

Removal of delegated powers will apply where:

- The school is persistently in breach of the Scheme for Financing Schools
- The school will not set a balanced budget
- The school will not engage in the licensed deficit process
- The deficit is worsening and no action is being taken by the school
- There is evidence of financial mismanagement by the school
- A school in special measures has not demonstrated commitment to making better use of resources or achieving value for money



## Appendix 1

### Recovery Plan Proforma



#### Draft Financial Recovery Plan

\*\*\*\*\* School

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Status from latest 3 year projection if no further action taken:

Surplus/(Deficit) Carried Forward

2016/2017	2017/2018	2018/2019	2019/2020
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0 0

Budget/Forecast Budget

Forecast Expenditure

Annual Surplus/(Deficit)

2016/2017	2017/2018	2018/2019	2019/2020
0	0	0	0

**Cumulative Surplus/(Deficit) if no further action taken**

0	0	0	0
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Mitigating Actions:

EVR's / Retirement

**Total**

0	0	0	0
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In-year Surplus/(Deficit)

0 0 0 0

Revised Cumulative Surplus/(Deficit)

0	0	0	0
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**Notes**

## Appendix 2

### Licensed Deficit Proforma



## Application for a Licensed Deficit for Schools

*Schools should only apply for a planned licensed deficit in circumstances where they cannot set a balanced budget without seriously impacting on educational provision.*

Name of School:

Date:

Financial Year: 2017/2018

Value of deficit (predicted deficit by 31/03/2018):

### We will:

- Confirm we will implement the savings in the timescales agreed, and inform the School Funding Section of any deviation from the recovery plan (attached).
- Provide any other information as and when required by the Local Authority.
- Enclose a 3 Year Budget Recovery Plan.

Signed (Headteacher):

Print Name:

Date:

Signed (Chair of Governors):

Print Name:

Date:

Please either scan and return this form to [catherine.howatson@denbighshire.gov.uk](mailto:catherine.howatson@denbighshire.gov.uk) or send it to the School Funding Team, Finance, County Hall, Wynnstay Road, Ruthin, LL15 1YN.