



Leicester
City Council

WARDS AFFECTED
All Wards

**OVERVIEW SCRUTINY AND MANAGEMENT
BOARD**

7th May 2009

CABINET

11th May 2009

**RIVERSIDE BUSINESS AND ENTERPRISE COLLEGE:
BUSINESS CASE FOR CLOSURE**

Report of the Interim Corporate Director, Children and Young People's Services

1. Purpose of the report

- 1.1 Riverside is a vulnerable, underperforming school with an extremely low pupil intake, high operating costs and a high risk of continued decline. In recognition of this the Cabinet Lead Member for Children and Young People, in conjunction with Cabinet colleagues, commissioned an options review of the School. This report summarises conclusions drawn from this process and recommends an immediate course of action to address this situation. This recommendation is supported by a detailed business case at **Appendix A**.

2. Summary

- 2.1 The following options have been considered:

- 1) Maintain status quo.
- 2) Provide continued increased financial and other support to the School to ensure it remains viable and achieves sufficient improvements.
- 3) Federate with a school that is judged to be good or better on the basis of an OfSTED inspection and pupil performance and implement revised governance, leadership and management arrangements.
- 4) Establish flexible collaborative arrangements amongst other local authority maintained schools.
- 5) Continue to explore the option of Riverside becoming part of a collaborative Academy and other potential Academies in the City.

- 6) Consult upon phased school closure.

In addition consideration has also been given to representations made by the School Governing Body, school staff and the National Union of Teachers.

- 2.2 Following a review and analysis of the above it has been concluded that there are strong educational, financial and business reasons to close this School as soon as practicably possible. These are detailed in the attached business case (**Appendix A**). Key judgements are recorded in italicised text.
- 2.3 A recommendation of this nature inevitably generates a number of questions; a list of frequently asked questions and answers may be found at **Appendix B**.

3. Recommendations:

- 3.1 OSMB is asked to note and comment upon this Report, the associated Business Case and the course of action recommended to Cabinet. OSMB are also invited to comment upon the nature of any further related consultation exercise.
- 3.2 In view of the business case at **Appendix A** Cabinet is recommended to:
- Authorise officers to commence a period of immediate further public consultation upon this recommendation and the business case in accordance with DCSF guidance
 - Receive a further report on the outcome of this consultation prior to publication of any statutory notice and detailed proposal in connection with this recommendation.
 - Agree that Cabinet Procedure Rule 12 (d) (grounds of urgency – a delay would be prejudicial to pupil interests) applies to the above recommendations and decisions such that they are not open to “Call In”.

4. Financial implications

- 4.1 Schools are funded through the local schools funding formula, which is driven largely by the number of pupils on roll in the January preceding the financial year (thus the funding for the 2009/10 financial year starting in April 2009 is based on January 2009 pupil numbers). Schools receive a base amount per pupil, together with enhancements to reflect factors such as deprivation levels, the incidence of Special Educational Needs, the number of pupils with free school meals and the size of the school site.
- 4.2 Due to the decreasing number of pupils on roll and the uneven distribution of those pupils across the year cohorts, Riverside College can no longer operate within its formula funding. Therefore, as set out in the accompanying business case, the College requires significant additional financial support to enable it to continue to offer appropriate levels of teaching and learning. It received an additional £250,000 in 2007/08 and £300,000 in 2008/09; current forecasts suggest that £815,000 will be required in the coming year 2009/10. Assuming that the pupil numbers predicted for September 2009 do not increase significantly over the course of the year, the 2010/11 budget will be based on the current year 7 numbers and therefore the formula funding would reduce further and a greater

level of additional support could well be necessary in 2010/11. The College's formula budget in 2009/10 (based on January 2009 pupil numbers) will be in the order of £3.1m, and therefore the additional support of £815,000 equates to just over a quarter (25%) of its formula budget.

- 4.3 The City Council receives funding for its schools and certain related costs from the Government, in the form of the Dedicated Schools Grant (DSG), which forms the overall Schools Budget. The DSG is driven by the number of pupils attending schools maintained by the Council, with enhancements to reflect factors such as deprivation and national ministerial priorities. The funding takes no account of the number of schools, as the Government expects school places to be effectively managed at local level, so that public money is used efficiently and the appropriate value for money is obtained; and the pupil-driven funding mechanisms provide an incentive for this to be the case.
- 4.4 The draft Schools Budget for 2009/10 includes provision for the additional £815,000, to be funded from a projected underspend in 2008/09 on those budgets not delegated to schools. This approach means that the funding for other schools across the City would not be directly affected in 2009/10. Provision has also been made in the indicative Schools Budget for 2010/11, although at this stage the costs would fall onto the 2010/11 funding and the monies available for other schools and purposes is therefore reduced.
- 4.5 It should be recognised that in any given year, a number of schools will face particular challenges, for which additional funding is required. The Schools Budget routinely provides additional funding for schools in financial difficulty and schools facing exceptional cost pressures. However, the amounts are usually much less than Riverside currently requires, and are usually for one or possibly two years whilst particular issues are resolved, following which the school returns to receiving only its formula funding. It will be noted that Riverside has already received substantial additional funding in 2007/08 and 2008/09, and requires higher levels of support in 2009/10 and 2010/11; such on-going support is not sustainable within the Schools Budget without an impact on the funding for other schools; and it would be difficult to argue that it represents an effective use of public funding within the wider context of schools in the City, should it continue into the longer term. From a financial point of view, it is important that a solution is found which enables the pupils at Riverside (and those who would potentially come to Riverside in the future) to be educated at a similar cost to pupils across the City, that is on the basis of the local funding formula without significant additional funding.

Colin Sharpe
Head of Finance and Efficiency
Children and Young People's Services
Ext. 29 7750

5. Legal implications

- 5.1 Proposals for the discontinuance of maintained schools are governed by Section 15 of the Education and Inspections Act 2006 (EIA 2006) and related subordinate legislation such as the School Organisation (Establishment and Discontinuance of Schools)(England) Regulations 2007 (The Regulations). The DCSF statutory and non-statutory Guidance entitled Closing a Maintained Mainstream School (The Guidance) provides clear narrative guidance of the broad statutory process. The Business Case at Appendix A cites relevant passages from this Guidance in weighing the options and recommending Option 6.
- 5.2 It is suggested that the key point of vulnerability for the Councils making proposals for discontinuance lies in the robustness of the "Consultation" process, including the treatment of alternative options other than those envisaging closure. No doubt the Council, in the process of the consultation, will wish to explain to all stakeholders the efforts and analysis made to explore other options. Part 4 of the Regulations referred to above provides further detail about the content and quality of consultations.
- 5.3 Thereafter the law provides for "Proposals" to be published; for "Representations/ Objections" to be lodged (6 weeks from publication of proposals); and for a "Decision" to be made. The Decision Maker (Cabinet) will have to demonstrate that they have paid due heed to any objections and representations made after publication of the proposals, which may relate either to the substantive proposal or to the quality of the consultation itself. Rights of appeal to the Adjudicator depend on whether objections are received within the relevant window of time (Schedule 2 para 7 EIA 2006)
- 5.4 The Council is under a statutory duty to ensure that there are sufficient school places, of an appropriate nature, within their area. There is also a duty to ensure that they respond to parental representations about school places.

(Kamal Adatia, Barrister, ext 7044)

Kamal Adatia
Barrister
Ext 7044

6. Other Implications

6.1

OTHER IMPLICATIONS	YES/NO	Paragraph References Within Supporting information
Equal Opportunities	Yes	See Equality Impact Assessment
Policy	Yes	
Sustainable and Environmental	No	
Crime and Disorder	No	
Human Rights Act	No	
Elderly/People on Low Income	No	

6.2 **Equality issues:** An initial equality impact assessment with respect to possible school closure is attached at **Appendix C**.

7. Report author:

Trevor Pringle
Director of Planning and Commissioning
0116 252 7702
print001@leicester.gov.uk