

TO: SCHOOLS FORUM
DATE: 15 JULY 2021

2021-22 ARRANGEMENTS FOR ADDITIONAL FINANCIAL SUPPORT TO SCHOOLS
Executive Director of People

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek agreement from the Schools Forum in respect of proposals for additional financial support to schools, in particular, approval of new or amended applications for licensed deficit arrangements. An update is also provided on the current position in respect of previously agreed financial support arrangements.

2 EXECUTIVE SUMMARY

- 2.1 Schools can experience financial difficulties for a number of reasons, and these can normally be readily resolved over the medium term. To help manage change through a planned rather than reactive process, the Schools Forum can agree support measures to maintained schools.
- 2.2 With schools needing to focus fully on the Coronavirus Pandemic, a lighter touch approach with schools in financial difficulties was adopted in 2020-21. For 2021-22 it is appropriate to return to fully applying the approved policies and procedures.
- 2.3 Despite the on-going challenging financial environment, including a surplus of school places, only one additional school is seeking a licensed deficit agreement. Indeed, there is an overall reduction of £0.120m in the aggregate deficit balance compared to the level agreed for 2020-21 which now stands at £0.805m (1.3% of annual budgets).
- 2.4 Work continues with a small number of schools where progress is being made on deficit recovery plans but where a full repayment schedule has yet to be achieved. All of these schools face or have very recently faced challenges around standards and effectiveness, and more time is required to reach a solution that meets both of these needs. £0.300m of deficits have yet to be accompanied by a deficit recovery plan.

3 RECOMMENDATIONS

That the Schools Forum AGREES:

- 3.1 **That subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme:**

The following amendments to existing licensed deficits:

- 1. Sandhurst Secondary School's licensed deficit agreement be amended to a maximum deficit of £0.050m, for full repayment by 31 March 2023.**
- 2. Harmans Water Primary Schools receives a licensed deficit of up to £0.070m for full repayment by 31 March 2023.**
- 3. The Pines licensed deficit agreement be amended to a maximum deficit of £0.075m, for full repayment by 31 March 2024**
- 4. Ascot Heath Primary School receives a licensed deficit of up to £0.330m, for full repayment by 31 March 2026**

The following new licensed deficit arrangement:

5. Cranbourne Primary School receives a licensed deficit up to £0.080m for full repayment by 31 March 2026

3.2 That the council continues to work on repayment schedules with the following schools, and that subject to the school governors confirming the financing schedule and compliance with the associated terms and conditions of the deficit scheme, that maximum deficits are as follows:

- i. Winkfield St Mary's receives a licensed deficit of up to £0.100m
- ii. Easthampstead Park receives a licensed deficit of up to £0.200m.

3.3 That subject to comments from schools following formal consultation, and agreement of the Schools Forum, that the financing arrangements for licensed deficit and loan applications are limited to 3% of final school budgets from the previous financial year (excluding brought forwards).

4 REASONS FOR RECOMMENDATIONS

4.1 It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters that are intended to provide medium term assistance to schools in financial difficulties.

5 ALTERNATIVE OPTIONS CONSIDERED

5.1 A range of options are set out in the supporting information.

6 SUPPORTING INFORMATION

Background

6.1 The LA has two main options to support maintained schools requesting additional financial support. Where significant budget difficulties exist, and it is unreasonable to expect a school to be able to solve these through the management of their normal budget allocations, or where a school is in, or at risk of falling into one of the Ofsted categories of causing concern, additional funding can be provided that does not need to be repaid.

6.2 Alternatively, licensed deficits and loans can be agreed. In accordance with DfE requirements, licensed deficits can be used to assist a school that is experiencing medium term financial difficulties that over time can be readily managed and the school return to a surplus, or a loan can be used where a capital investment is proposed but the school does not yet have the full resources to afford the purchase. Governing bodies are required to agree to fully repay any amounts, including where relevant, any associated interest, before such arrangements are agreed. More information on terms and conditions of financial support are set out below.

6.3 Neither of these options are available to academy schools.

6.4 Where a school converts to an academy with a **licensed deficit**, statutory Regulations and DfE Policy determines that if the governing body makes the application which is approved through an Academy Order, then the deficit transfers with the school on the terms agreed with the LA and requires to be repaid. Where the

conversion is as a result of the school being eligible for intervention through Part 4 of the Education and Inspections Act 2016, and underperforming schools which the Secretary of State judges are not strong enough to become an academy without a strong sponsor, the debt remains with the LA and will be charged against the Schools Contingency and funded through the Dedicated Schools Grant.

- 6.5 Any **loan agreements** in place for the purchase of significant one-off capital assets will require repayment through the agreed terms irrespective of the conversion type, unless the LA and school agree to liquidate the loan and pay it off at the point of transfer.
- 6.6 Costs incurred by the LA in completing the academy conversion process, at the average estimated amount, as reasonably assessed by the LA are charged to relevant schools. This is subject to schools continuing to receive grant funding to assist the academy conversion process, with the charge estimated at £10,000 for a secondary school and £8,000 for a primary school.

Additional funding that is not required to be repaid

Background and summary

- 6.7 School Funding Regulations allow for additional funds outside the normal operation of the Funding Formula to be provided to schools considered to be in financial difficulty. In agreement with the Schools Forum, this de-delegated budget has been returned to the Council for central management. The agreed criteria to be used to allocate this funding is if, in the opinion of the Director responsible for schools and the Director responsible for Finance, a school:
1. was unable to set a balanced budget and were in need of a licensed deficit arrangement at the start of the relevant financial year, and/or
 2. was in or likely to fall into one of the Ofsted categories of causing concern, including serious weaknesses or special measures.
 3. was a 1 form of entry school judged good or better that have more than 5% empty places
- 6.8 At this point in time, with the Ofsted inspection regime yet to fully commence, no additional financial allocations have been agreed for 2021-22 that schools do not need to repay. The Schools Forum will receive a report on all allocations agreed for 2021-22 at the conclusion of the financial year.

Licensed Deficit and Loan Arrangements

Background and summary

- 6.9 There are circumstances where schools may experience budget difficulties and in order for the school to continue to function effectively, a temporary overspend of budget allocation may be desirable. The Scheme for Financing Schools has provisions to allow for this through licensed deficit and loan arrangements which provide for additional short-term funding so that schools have sufficient time to manage expenditure reductions or receive additional income that demonstrates the ability to fully repay any over spending within an agreed period. Both the Schools Forum and Executive Member for Children, Young People and Learning need to agree requests.
- 6.10 In accordance with government requirements, the loan scheme is only available to support schools in the purchase of a capital asset, with a licensed deficit

arrangement option used to support schools with a shortfall in general income compared to required spend.

- 6.11 There are no loan agreements in place with maintained schools.
- 6.12 A summary of the circumstances in which a licensed deficit may be agreed is as follows:
1. Where a school would not otherwise achieve its improvement targets;
 2. It would not be reasonable to effect immediately the savings required as a result of a significant reduction in pupil numbers;

Annex A sets out the full details of the licensed deficit scheme.

- 6.13 As a preliminary to presenting a deficit or loan for comment and agreement, officers of the LA undertake detailed reviews of school requests. This usually involves discussions with the Headteacher, Chairman of Governors and Bursar.
- 6.14 The governing body of a school receiving agreement to financial support has to agree a medium-term budget plan which has been formulated from known facts, with a realistic provision for future events, and that it is kept under review with the LA on at least an annual basis. If it becomes apparent that any significant differences occur in the underlying budget and expenditure assumptions, then this may require subsequent changes, which should be notified without delay and will need to be agreed with the Executive Director of People and the Director of Finance and endorsed by the Executive Member. Should any changes be proposed to these arrangements during the year, they will be presented to the Schools Forum and Executive Member for a decision.
- 6.15 The coronavirus pandemic created considerable additional responsibilities and workload requirements on schools to maintain pupil education in a safe environment.
- 6.16 Reflecting on these challenges, the council undertook a lighter touch approach with schools in financial difficulties in 2020-21, in particular a reduction in the number of financial review meetings and the requirement for detailed budget performance updates. For 2021-22, it is considered appropriate to return to applying the approved policies and procedures.

Update on existing licensed deficits

- 6.17 The Schools Forum has previously agreed licensed deficit arrangements to manage a shortfall in general income compared to required spend. This includes a number of schools where full recovery plans had yet to be established. The current status of each agreement, together with any recommended changes, are set out below.

Deficits where a full repayment plan remains in place

Sandhurst Secondary School

- 6.18 The Forum agreed a £0.510m deficit for Sandhurst Secondary School in 2018-19, reducing to £0.385 in 2019-20, £0.175m in 2020-21, before generating a surplus in 2021-22. This reflected the impact of below capacity pupil numbers in higher age year groups gradually being replaced by full capacity at the year of admission. Taking account of updated school performance targets and financial data, the Forum has agreed revisions to the originally agreed deficit which is now for a maximum deficit of

£0.260m for 2020-21, reducing to £0.080m for 2021-22 before returning to a surplus in 2022-23.

- 6.19 The council has maintained budget monitoring review meetings with the Head Teacher, Business Manager and senior governors, albeit on a less frequent basis than previously. This work indicates that the school achieved the 2020-21 repayment and remains on target to achieve a return to a surplus balance in 2022-23, with the deficit for 2021-22 now forecast to reduce to £0.050m. **Therefore, the Forum is recommended to agree this revision.**

Harmans Water Primary School

- 6.20 For a number of years, the school benefitted from a significant surplus balance which was accumulated when the school was experiencing full 3 Forum of Entry (FE) admissions but has recently been adapting to being much closer to a 2 FE admission. With relatively large 3 FE group sizes now starting to leave the school and being replaced with closer to 2 FE numbers the school is restructuring the budget over the medium term to reflect the new requirements.
- 6.21 The financial limits agreed last year were a maximum deficit of £0.115m for 2020-21, £0.090m for 2021-22, £0.040m for 2022-23, before returning to a surplus in 2023-24. The latest recovery plan indicates good progress and that the deficit limit can be reduced to £0.070m for 2021-22 before returning to a surplus in 2022-23. There are a number of elements to the recovery plan, some of which are complex and will need to be kept under review. **The Forum is recommended to agree this revision.**

Deficits where a full repayment plan will be in place for the first time from 2021-22

The Pines Primary

- 6.22 The school has experienced fluctuating pupil numbers, and whilst these have been increasing, it has resulted in complicated and costly classroom organisation. At the end of 2019-20, there was an cumulative deficit of £0.167m which was forecast to increase to over £0.200m. Very good progress has been made since on managing this down and it had reduced to £0.066m at the end of 2021-22, although like a number of schools, this was overstated due to the impact of the coronavirus pandemic. An assessment of the likely financial impact on school balances from the pandemic is further detailed on a separate item on tonight's agenda.
- 6.23 Recognising future changes in pupil numbers, the school will be reducing the Published Admission Number from 60 to 30 from September 2022 and restructuring the budget and associated plans accordingly. This indicates that the deficit will amount to £0.075m in 2021-22, £0.035m in 2022-23 before returning to a surplus in 2023-24. **The Forum is recommended to agree this revision.**

Ascot Heath Primary

- 6.24 The school has experienced a reduction in pupil numbers of 71 between the 2018-19 and 2020-21 budgets. This equates to an annual loss in per pupil funding of around £0.296m which has contributed to the accumulated year-end deficit at 31 March 2021 of £0.327m (22% of annual income and an increase in deficit of £0.107m). Whilst work has been undertaken to develop a medium-term budget, this has been impacted by the 2019 amalgamation, coronavirus pandemic and needing to meet school improvement targets.
- 6.25 There is the potential to complete the sale of the caretakers accommodation which could yield a one-off capital receipt of between £0.150m and £0.250m which would

be “swapped” with revenue funding held by the Council to repay a substantial amount of the deficit. There are a number of external restrictions that are complicating this, with limited progress to achieving the sale being made in the last year. The exact sum, if a sale can be achieved, will depend on resolving the remaining issues and how strong the property market remains over the coming months. This aspect of work is being accelerated.

- 6.26 Achieving the maximum expected value from any sale would still result in a remaining deficit which would need to be recovered through the main school budget. At this stage, the recovery plan excludes any potential capital receipt “swap” and indicates a deficit requirement of £0.330m for 2021-22, £0.300m for 2022-23, £0.200m for 2023-24 and £0.105m for 2024-25 before returning to a surplus in 2025-26. **The Forum is therefore recommended to agree these deficit limits.**

Deficits where a full repayment plan has yet to be developed

- 6.27 Forum members will recall that despite substantial work and assistance from the council, including the making of staffing and other reductions, for some schools, in considering their budgets for the 2020-21 financial year, it was not possible to formulate a medium-term plan that could demonstrate a return to a surplus.
- 6.28 Whilst these schools have made progress in their financial planning, the key period to formulate revised budget plans coincided with the coronavirus pandemic which has clearly needed to take the highest priority.
- 6.29 A high-level summary of the current position for each is as follows:

1. Easthampstead Park Secondary: received a £0.450m loan in 2016 which was expected to be repaid by an increase in pupil numbers which has occurred but at a lower rate than originally expected and has yet to reach the peak levels initially forecast. The medium-term recovery plan agreed last year envisaged a £0.300m deficit at the end of 2022-23, with planning beyond that point yet to commence in earnest.

Financial performance during 2020-21 greatly exceeded expectations as the school returned to a surplus in the value of £0.124m, primarily through one-off factors. With total statutory pupil numbers by year group generally numbering between 160 and 180 and with current forecasts for the immediate future not expected to show any significant change, balancing the budget will remain a challenge with the latest medium-term budget forecasting a deficit of around £0.100m deficit for 2021-22, rising to £0.200m for the next 2 years.

Good progress continues to be made on the deficit recovery, , with pupil numbers continuing to increase and with the gap between annual spend and income virtually eliminated, although a plan has yet to be developed that returns the school to a surplus. **The Forum is therefore recommended to agree the above deficit limits and that further work continues to produce a plan to return to a surplus.**

2. Winkfield St Marys: was granted a licensed deficit of £0.030m in 2018 to be fully repaid by 31 March 2021. This allowed the school to put in place a cost reduction plan in a measured way, that it achieved in 2019 and 2020, and during which time the school had an Ofsted inspection which improved its rating from RI to Good. However, the deficit has now increased to £0.075m, driven by lost income due to the pandemic, and rising staffing costs from pay progression and increased numbers of pupils with SEND.

As a 1 FE school, there are fewer opportunities for economies of scale and efficiencies compared to larger schools which is compounded by a number on roll (NOR) of below 200 which is more than 5% below full capacity.

Initial work on the budget indicates rising staffing costs from pay progression and increased numbers of pupils with SEND. With 2 classes each with less than 25 pupils expected from September 2021, and only 5 pupils joining the new reception class from 'in catchment', pupil led income will remain at no more than 200 pupils for a number of years.

Taking account of this, the current deficit is forecast to further increase to £0.100m by the end of 2021-22. At this stage, progress has yet to be made on a plan to return the budget to a surplus. **The Forum is therefore recommended to agree the above deficit limit and that further work continues to produce a plan to return to a surplus.**

New deficit request for 2021-22

Cranbourne Primary School

- 6.30 Is a 1 FE primary school which over spent in 2020-21 by £0.094m, mainly on staffing and building maintenance budgets. With pupil numbers expecting to gradually increase as older year groups with spare places are replaced with full admissions together with a range of budget restructures, the school has successfully developed a medium-term recovery plan that returns the school to a surplus balance.
- 6.31 The proposal is for a maximum deficit of £0.080m for 2021-22, £0.050m for 2022-23, £0.030m for 2023-24 and £0.020m for 2024-25 before returning to a surplus balance by 31 March 2026. There are a number of elements to the recovery plan, some of which are dependent on external factors and will therefore need to be kept under review. **The Forum is recommended to agree the above deficit limits.**

Deficit budgets

- 6.32 The ability to repay deficits is generally dependent of increases in pupil numbers raising future income at a faster rate than associated cost increases, by reducing costs, or a combination of both. For example, being able to open a new class with 25 pupils would generate around £0.105m of income for a primary school with a teacher on M6 costing around £0.051m. A full class of 30 would generate around £0.125m. When pupil numbers are in decline, schools face the opposite situation, with income reducing at a far faster rate than the directly associated costs that can be removed.
- 6.33 For a number of schools in financial difficulty, pupil numbers are not forecast to increase significantly over the medium term, which is therefore presenting additional challenges and dictating the need to look at longer term solutions than has ordinarily been the case in the past. Longer term forecasts tend to be even more difficult to predict due to the additional uncertainties arising.
- 6.34 In the wider context of pupil numbers, the Schools Forum has previously raised concerns relating to an increase in surplus places and the consequences this has for school budgets. Medium term pupil projections are now reported on an annual basis to the Forum, with schools provided with a 5-year forecast by national curriculum year group in an excel model that generates forecast income for schools to add their expected expenditure and undertake scenario budget modelling.
- 6.35 The council is working with schools to reduce excess capacity at admissions via Planned Admission Numbers (PAN) and has recently agreed with relevant governors

to reduce intake numbers in primary schools by 100 and secondary by 72 as set out below in Table 1.

Table 1: Changes for Planned Admission Numbers

Academic Year of implementation	School	Current PAN	Revised PAN
2019/20	Ascot Heath Infants	70	60
	Garth Hill	312	300
2021/22	Harmans Water Primary	90	60
	Easthampstead Park	240	210
	Garth Hill	300	270
2022/23	Sandy Lane Primary	90	60
	The Pines Primary	60	30

Further options to continue this approach are being explored.

6.36 An update from 1 June data on pupil number admission forecast for September 2021 is summarised below:

- The total Primary NOR currently estimated by School Admissions for the September 2021 intake Year R is 1,316, which compares with 1,363 forecast in the School Places Plan (SPP) that was reported to Schools Forum in January. This is an overall forecast surplus of 249 places which is 16% or 8.3FE
- The total secondary NOR currently estimated by School Admissions for the September 2021 intake Year 7 is 1,437 which compares with the 1,455 forecast in the SPP that was reported to Schools Forum in January. This is an overall forecast surplus of 78 places which is 5% or 2.6FE.
- The situation does however need to be considered on a school by school basis and the Forum may wish to note that these forecast numbers suggest that 9 out of 30 primary schools and 5 out of 7 secondary schools will be full in their intake years
- These figures are expected to change before that start of the academic year so this should be seen as a snapshot in time as at the beginning of June 2021

Summary loan / deficit position

6.37 Table 2 below provides a summary of aggregate outstanding deficit arrangements for each school, assuming the proposals in this paper are agreed. Annex B provides a more detailed breakdown of the current and proposed arrangements by school.

Table 2: Summary Schedule of School Loan and Licensed Deficit Requests

Item	Previously agreed	2021-22 new requests	2022-23 impact	2023-24 impact	Future years	Repayment date to be determined
Total advances	£925,000	£450,000	£100,000	£0	£0	£0
Total repayments	£0	-£570,000	-£220,000	-£155,000	-£230,000	£0
Total	£925,000	-£120,000	£685,000	£530,000	£300,000	£300,000
Net Total Current Year	£805,000		1.3% of annual budgets			
Maximum advances (3% of school budgets)	£1,796,000					
Advances as % of permitted maximum	45%					
Balance available for new deficits	£991,000					
Change to previous year	-£120,000		-£120,000	-£155,000	-£230,000	

6.38 The Forum will be aware that the statutory Scheme for Financing Schools sets the conditions around deficit arrangements, and in accordance with parameters set by the DfE has previously been limited to 40% of collective balances held by the authority including any unspent funding in the Schools Budget Unallocated Reserve. With the Schools Budget Unallocated Reserve now moving to a significant deficit as a result of over spendings on the High Needs Block (HNB) budget, this approach no longer provides sufficient capacity for approval of the deficit agreements recommended in this report.

6.39 The DfE recognises that a number of LAs will not hold sufficient surpluses to operate an effective deficit scheme and the latest statutory Scheme guidance permits "LAs to make alternative arrangements if it can do so within the relevant local authority finance legislation". Reflecting on the need for a deficit financing scheme that is stable and predictable, together with the significant impact of the HNB budget overspend on balances held in the Schools Budget, the Director of Resources: Finance proposes to update the financing parameters to a maximum of 3% of final school budgets from the previous financial year (excluding brought forwards).

This currently amounts to £1.796m and is considered a long-term funding solution for school deficits but remains subject to regular review and compliance with DfE statutory guidance. Schools will be consulted at an appropriate time on this proposed revision with responses reported back to the Schools Forum for a decision.

Academy schools

6.40 Whilst new loan / licensed deficit arrangements are not available to academy schools, at the point of conversion, Brakenhale had an outstanding balance on a previously agreed loan.

6.41 In 2015 a loan of £0.190m was agreed for Brakenhale. The school converted to an academy on 1 April 2016 with an outstanding loan balance of £0.130m. As part of the transfer arrangements, it was agreed that the school needed more time to repay the loan as it recovered from a Requires Improvement Ofsted inspection judgement and built up pupil numbers. A revised repayment schedule was agreed that would result in 36 monthly repayments of £3,611 from September 2018 to 31 August 2021 and a

direct debit has been put in place to enable efficient repayment. The remaining £0.018m balance is on course for full repayment in this financial year.

Summary

- 6.42 Table 1 above confirms the significant value of outstanding deficits. At £0.805m, this is a reduction of £0.120m on the amount agreed last year and represents 45% of the maximum level of permitted deficits.
- 6.43 Whilst most schools have plans in place to return to a surplus, for a small number, this has not been possible, and work will continue with the council and an update on progress to be presented to the Schools Forum in the autumn term. There is £0.300m of deficit balances outstanding requiring a recovery plan which presents increased financial risks at relevant schools.

7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 7.1 The relevant legal provisions are addressed within the main body of the report.

Director of Resources: Finance

- 7.2 The financial implications of the report are outlined in the supporting information. The difficulties being experienced by a small number of schools in producing balance medium-term recovery plan indicates the need for ongoing advice and monitoring to ensure schools can meet their financial obligations arising from additional financial support arrangements.

Equalities Impact Assessment

- 7.3 There are no specific impact assessments arising from this report.

Strategic Risk Management Issues

- 7.4 There are strategic risks around ensuring all schools remain financially viable whilst delivering appropriate standards and effectiveness without putting excessive pressure on the Schools Budget to provide additional funds.

Climate change impact

- 7.5 The recommendations from this report are not expected to have any direct impact on emissions of carbon dioxide as they relate to funding allocations to schools and will not impact on climate change.

8 CONSULTATION

Principal Groups Consulted

- 8.1 Leaders of schools in financial difficulty, Assistant Director: Education and Learning and People Directorate Management Team.

Method of Consultation

8.2 Correspondence and meetings.

Representations Received

8.3 Incorporated into the report.

Background Papers

None.

Contact for further information

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Doc. Ref [https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools Forum/\(104\) 150721/2021-22 Support to schools in financial difficulties etc.docx](https://bfcouncil.sharepoint.com/sites/fina/bpm/FIBPSCB-FIN9.6/Schools%20Forum/(104)%20150721/2021-22%20Support%20to%20schools%20in%20financial%20difficulties%20etc.docx)

**Extract from the BFC Scheme for Financing Schools:
Licensed deficit arrangements**

In exceptional circumstances, in agreement with the Schools Forum and Executive Member for Children, Young People and Learning, the authority will permit schools to over spend their budget allocation through a licensed deficit arrangement. The funding of such agreements would be through the collective surplus of school balances held by the authority on behalf of schools and any unspent funding in the Schools Budget Unallocated Reserve, and will be considered on an individual basis. General features of the scheme are detailed below:

Circumstances in which licensed deficit arrangements may be agreed:

1. if in the opinion of the responsible Director a school could not otherwise achieve its improvement targets (there will still be a requirement of the governing body to demonstrate repayment).
2. if in the opinion of the responsible Director for schools and the responsible Director for finance a school could not reasonably be expected to effect immediately the savings required as a result of a significant reduction in pupil numbers (there will still be a requirement of the governing body to demonstrate repayment).

Outline features of the scheme.

- the maximum length over which schools may repay the licensed deficit is 3 years (i.e. reach at least a zero balance).
- arrangement for a licensed deficit will only be agreed where the governing body produces a plan which demonstrates to the satisfaction of the responsible Director for schools and the responsible Director for finance the savings or additional income required to repay the deficit within an agreed timescale.

In general the minimum size of loans which may be agreed will be the lesser of the following:

Primary schools	£10,000
Special schools	£20,000
Secondary schools	£30,000

OR

For all types of school, 5% of the size of the budget share as determined by the authority.

In general the maximum size of loans which may be agreed will be the greater of the following:

Primary schools	£50,000
Special schools	£150,000
Secondary schools	£250,000

OR

For all types of school, 15% of the size of the budget share as determined by the authority.

- interest will be charged at 1% above the Council's cost of borrowing on the date on which the licensed deficit is agreed unless the authority agrees for it to be waived. The requirement to pay interest will be assessed on the merits of each individual application, and in general, will not attract interest.

Outline controls on licensed deficits

- the maximum proportion of the collective balances held by the authority including any unspent funding in the Schools Budget Unallocated Reserve which will be used to support the arrangement shall not exceed 40%
- the responsible Director for schools and the responsible Director for finance of the authority will make recommendations to the Schools Forum and Executive Member for Children, Young People and Learning to agree any licensed deficits and the terms on which they are offered.

The authority may request those schools operating external bank accounts to allow some or all of those balances to support the above arrangements.

Summary school loan and deficit agreements for maintained schools – by school at each financial year end

School	Balance due at 2020-21 year end £	2021-22 £	2022-23 £	2023-24 £	Later than 2023-24 £	Repayment date to be confirmed £	Comment
Ascot Heath Primary	220,000	330,000	300,000	200,000	105,000	0	Full repayment plan in place
Cranbourne	0	80,000	50,000	30,000	20,000	0	Full repayment plan in place
Harmanswater Primary	115,000	70,000	0	0	0	0	Full repayment plan in place
The Pines	150,000	75,000	35,000	0	0	0	Full repayment plan in place
Winkfield St Mary's	20,000	100,000	100,000	100,000	0	100,000	Final repayment date to be determined
Easthampstead Park	160,000	100,000	200,000	200,000	0	200,000	Final repayment date to be determined
Sandhurst	260,000	50,000	0	0	0	0	Full repayment plan in place
Total	925,000	805,000	685,000	530,000	125,000	300,000	

BFC Academy School Summary

The Brakenhale	18,059	0	0	0	0	0	£18,059 final repayment due 2021-22
Total	18,059	0	0	0	0	0	
Grand total all schools	943,059	805,000	685,000	530,000	125,000	300,000	