

Report to the Cabinet

Meeting to be held on Thursday, 5 September 2019

Report of the Head of Service - Education, Quality and Performance

Part I

Electoral Divisions affected:
Brierfield & Nelson West;
Burnley Central East; Burnley
Central West; Burnley North
East; Burnley Rural; Burnley
South West; Mid Rossendale;
Nelson East; Pendle Central;
Pendle Rural; Rossendale
East; Rossendale West;

Future Viability of Thomas Whitham Sixth Form

(Appendices 'A' and 'B' refer)

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Executive Summary

The purpose of this report is to seek approval to undertake a formal consultation on the future viability of Thomas Whitham Sixth Form, Burnley. The report proposes a stage 1 consultation, to review the future viability of the school, due to concerns about the school's financial deficit position and the number of students accessing the provision, as requested by the school's governing body. The report identifies various factors being considered as part of the viability review, and sets out the process to be followed in relation to the stage 1 consultation process.

Recommendation

Cabinet is asked to:

- (i) Consider the information in this report.
- (ii) Approve the proposal that a stage 1 consultation be undertaken, starting in September 2019, to inform the viability review of Thomas Whitham Sixth Form, Burnley.

Background and Advice

Thomas Whitham Sixth Form is a stand-alone 16-18 school which opened in 2006, as a result of the Building Schools for the Future programme taking place in Burnley, and is housed within a Private Finance Initiative building on Barden Lane in Burnley. The school was intended to be the sixth form provision for five 11-16 secondary schools in the area, with the sixth form being a natural progression route for young people once they left year 11. The school's facilities and staffing were based on a cohort of 600 students and the staffing was, in part, from the five secondary schools.

Since it opened, the school has been judged as 'Good' at every OfSTED inspection. The last full inspection took place in July 2011 and the school was judged as 'Good'. OfSTED undertook a short inspection of the school in March 2016, and determined that the school continues to be judged as 'Good'. The short inspection acknowledged that the school had been through 'a period of considerable uncertainty and turbulence', but that there was a 'positive and exciting vision for the future' and 'the leadership team has maintained the good quality of education in the school'.

The school's 2018/19 funding allocation from the Education and Skills Funding Agency is based on 104 16-18 year old students, and their allocation for 2019/20 is based on 139. Based on the Education and Skills Funding Agency's lagged funding model for 16-18 provision, this shows that the school has seen growth amounting to 35 students during the 2018/19 academic year, and forms the basis of their 2019/20 funding allocation. More information on the 16-18 funding methodology is set out at Appendix 'A'.

The significant majority of students attending Thomas Whitham Sixth Form are from the Burnley and Pendle districts. Within these districts, there are three mainstream 16-18 Education and Skills Funding Agency funded providers, including the school. The other two providers are general further education colleges which are both judged as 'Outstanding' by OfSTED.

The school's financial position has been in steady decline for a number of years but there has been a rapid increase in the cumulative deficit since 2017/18.

Despite the efforts of the school and with the support of the local authority, Thomas Whitham Sixth Form has not been able to increase its student numbers, and their funding allocations have reduced as a result of this. The school is operating significantly below its capacity and this, coupled with Private Finance Initiative costs and reduced funding, has led the governing body to request that the local authority undertakes an assessment of its future viability. The letter from the Chair of Governors is set out at Appendix 'B'.

Key Factors for Consideration

A number of key factors have been taken into consideration in relation to this viability review and these are: educational standards; inspection outcome; student numbers and population projections; and financial viability. Further detail on these key factors are set out at Appendix 'A'.

Proposed Process and Timeline

A broad timeline, which is subject to change, for the viability review of the school to take place is set out below:

Action	Start
Cabinet approval to consult	5 September 2019
Stage 1 Consultation	During Autumn term 2019
Report back on consultation and Cabinet decision whether to publish Statutory Notice on the future viability of the school	December 2019
IF REQUIRED	
Stage 2 and 3 Publication of Statutory Notice and representation period	January/February 2020
Stage 4 Decision	April 2020
Stage 5 Implementation	31 August 2020

Conclusion

As can be seen from the information in Appendix 'A', the status quo position is untenable given the financial position of the school and their student numbers. The school has had concerns about its future viability for a number of years and has had support from the local authority to implement a number of actions, such as commissioning an independent external review of future options in 2013 and staffing support for the leadership team. The independent external review of future options concluded that there did not seem to be a way in which Thomas Whitham Sixth Form could secure a long term future as an independent institution. The governors accepted this conclusion.

In 2014, the school explored the option of converting to academy status and joining a Multi Academy Trust but these plans were abandoned in 2015, with the budget deficit being a barrier under the due diligence process. The school explored the possibility of a federation partnership with a local school in 2017 but again, this did not proceed. It is likely that the nature of the Private Finance Initiative funding of the school building has deterred potential sponsors/partners.

Consultations

Following a review of their financial position and projected student numbers for 2019/20, as well as the recent resignation of the Principal, the Governing Body wrote to the local authority in July 2019, asking that the authority consults on the future viability of the school. The letter is set out at Appendix 'B'. This report is requesting approval for a stage 1 consultation to be undertaken to inform the viability review of the school.

Implications:

This item has the following implications, as indicated:

Risk Management

The authority has a statutory duty to secure sufficient and suitable education and training provision to meet the reasonable needs of all young people in their area. As part of the viability review, the authority will determine the alternative post 16 education and training options for young people in the Burnley and Pendle districts, as well as looking at the 16-18 population projections across these areas. This will help to determine the future demand for 16-18 places, and whether the provision available locally is sufficient and suitable to address this.

There are implications for staff employed in the school but the authority has experience in staff redeployment and retraining, and a good record in avoiding compulsory redundancies.

Financial Implications

As at 31 March 2019, the school held a cumulative deficit balance of £3.2m, which is forecast to increase by £1.0m in the current 2019/20 financial year, taking the overall cumulative deficit to £4.2m. The current three year forecast for the school indicates that this cumulative deficit is likely to exceed £6.3m by March 2020. As can be seen in Appendix 'A', the financial position of the school has been in steady decline over a number of years, with a rapid increase in the cumulative deficit since 2017/18.

If it is decided that a school is to be closed by an authority, any balance (whether surplus or deficit) reverts to the authority. The authority cannot transfer a closing balance to an individual school, even when that school is a successor to the closing school, except that a surplus or deficit transfers to an academy where a school converts to academy status under section 4(1)(a) of the Academies Act 2010.

The school premises, along with three other schools on the same site, were built as part of the Building Schools for the Future project that was funded via Private Finance Initiative. This means that there are risks associated with the financing of the current annual Private Finance Initiative contract and any PFI liability if the premises do not remain in use.

Equality and Cohesion

A full Equality Analysis will be completed and reported at the determination stage of the proposal.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		