

Report to: Schools Forum

Subject: The Harbour School

Date of meeting: 12th July 2017

Report from: Alison Jeffery, Director of Children, Families and Education

Report by: Julia Katherine, Head of Inclusion, Education Service

1. Purpose of report

- 1.1 The purpose of this report is to update Schools Forum on the progress that has been made to address the financial and structural issues at The Harbour School (THS); whilst ensuring the educational offer to pupils is maintained and enhanced.

2. Recommendation

- 2.1 It is recommended that Schools Forum note the significant progress that has been made to address the financial and structural issues at The Harbour School and endorse the next steps that are now being taken as set out in section 4 of the report.**

3. Background

- 3.1 The Harbour School opened in September 2007 and provides specialist provision and outreach services for children and young people with social, emotional and mental health (SEMH) needs and those with medical needs. The school currently operates across four sites in the city: Cosham, Tipner, Fratton and Stamshaw. The school was last inspected by Ofsted on 3rd June 2015 and was rated as Good.
- 3.2 The school is commissioned by the Council to deliver the following:
- 95 Special Educational Needs (SEN) places for pupils with an Education Health and Care Plan (EHCP) with a primary need of SEMH across Years 5 to 11
 - 105 Alternative Provision (AP) places, including 6th day provision, for pupils who have been permanently excluded from mainstream schools
 - The equivalent of 38 FTE places for pupils who are not able to attend school due to medical issues.
- 3.3 A financial notice of concern was issued to the Governing Board of The Harbour School on 30th November 2015. This notice was issued because the

school had made insufficient progress to safeguard the financial position of the school and to address the growing deficit which was projected to increase to £730,000 by the end of the financial year. The financial notice required the governing body to take the following actions in relation to the management of funds delegated to it:

1. Prepare a redeveloped three year deficit recovery plan.
2. Ensure that an appropriately trained / qualified person chairs the finance committee of the governing body
3. Hold monthly financial monitoring meetings at the school attended by the headteacher, the school's finance officer and Local Authority officers.

3.4 By the end of the compliance period the governing body had complied with actions 2) and 3) but had still not developed a deficit recovery plan. The period for the governing body to comply with action 1) was extended by an additional 3 months to 31st May 2016. The governing body failed to comply with the required action by the end of the extended compliance period and on 1st June 2016 the Local Authority issued a Warning Notice under Section 60 of the Education and Inspections Act 2006.

3.5 The governing body was also notified of the Local Authority's intention to apply to the Secretary of State for consent to constitute an Interim Executive Board (IEB) and to consult with the governing body in that regard if the warning notice was not complied with. The warning notice was not complied with and subsequently a successful IEB application was made to the Secretary of State and an IEB was put in place on 15th July 2016. At the same time the Headteacher left to take up a new role outside of Portsmouth.

3.6 During July, the Council commissioned Delta Education Trust (DET) to conduct a review of the following:

- The Harbour School's preliminary 3 year budget deficit recovery plan and the actions that are being taken / proposed to deliver the required savings, in particular:
 - To review and assess the current proposals put forward to reduce the schools administrative, leadership, ICT and premises teams and other savings in terms of deliverability and the potential effect on the management and operation of the school
 - To consider and present alternative options for delivering the savings required from the non-teaching and teaching budgets, together with potential timescales, risks and mitigations
 - To review and consider alternative delivery models for the services provided by the school
- The Harbour School's provision and curriculum offer taking into account local need and demand; the current funding model; the current volatility in funding and future changes to funding
- The future viability of The Harbour School's traded services offer to schools

- The specification for the design of the refurbished Vanguard Centre - alongside the review of the curriculum offer in order to determine whether the proposed design is fit for purpose for what is required in terms of a future curriculum offer that will offer young people improved pathways to further education and employment.

3.7 In addition to the above, DET was asked to:

- Consider interim executive leadership support from September 2016 for up to two terms
- Identify the potential barriers to Academy conversion and actions that could be taken to mitigate those barriers.

3.8 Following the review, the IEB commissioned DET to provide interim executive leadership support for 3 days a week from September 2016 (subsequently reduced to 1 day a week from April 2017). At the same time, the then Director of Outreach (Ian Hunkin) was appointed as the Acting Head of School to provide leadership, reporting to the Executive Headteacher (job share between Jo Perry and John White of DET).

4. Summary of progress and next steps

4.1 The progress that has been since the summer of 2016 has been significant and can be summarised in terms of:

- Financial management
- Staffing restructure
- Curriculum changes and site rationalisation
- Preparing for a transfer to a Multi Academy Trust

Financial Management

4.2 The financial health of The Harbour School has improved considerably since the IEB was established and the school is now expecting to operate with a small in year surplus by 2018/19. This has been as a result of:

- Detailed monitoring of the budget by the IEB supported by additional financial expertise from DET (interim support from DET's Chief Finance Officer)
- Staffing restructure (refer to paragraphs 4.4 to 4.5) resulting in a reduction of 16 posts
- Agreement by Schools Forum to increase the 'top up' rate for Alternative Provision placements from £6,000 to £8,000 full time equivalent
- Operating as a smaller school but based on a higher occupancy
- Ensuring that all pupils that should have an Education, Health and Care Plan have been assessed as per the statutory process

4.3 As a result of these actions, the deficit of THS by the end of financial year stood at £654,368, considerably lower than the figure of circa £1m that was

being forecast last year. The deficit is expected to increase slightly during 2017/18, due largely to the one-off costs from the staffing restructure, and also because the full effect of the savings arising from the restructure not being realised until September 2017.

Staffing restructure

- 4.4 A phased staffing restructure of THS has now largely been completed, resulting in a reduction of 16 staff, the majority of which (11 in total) were in non-teaching posts (senior leadership, administration, ICT and premises). As a result of the restructuring there are now clear lines of responsibility and accountability.
- 4.5 Ian Hunkin was appointed as the Head of School on a permanent basis from April 2017.

Curriculum changes and site rationalisation

- 4.6 A number of significant curriculum changes have been introduced to THS in order to provide an improved offer and pathways for children and young people attending the school. This has included:
- A more vocational offer at the Fratton site for Key Stage 4 alongside nurture / readiness to learn and more academic pathways
 - Development of the medical continuum, based at Cosham
 - Establishment of more intensive provision for learners with the most complex SEMH needs, 'The Bridge', in addition to that already established at the Stamshaw site
 - More early intervention to support pupils returning to mainstream and flexible pathways to enable vulnerable Key Stage 4 pupils to remain in school whilst accessing part time vocational programmes at THS.
- 4.7 The five sites have been reduced to four since May 2017, following the transfer of provision at Milton to the Cosham site. Capital improvements at the Cosham site have been funded by the Council to support this.
- 4.8 Plans are in hand to relocate the provision at Fratton to the new bespoke provision at the Vanguard Centre in Cosham, a centre which will be specifically designed to enable the delivery of a more vocationally based curriculum which will better meet the needs of Key Stage 4 pupils. The Vanguard Centre is due to open in September 2018 at a cost of over £2m.

Preparation of a transfer of The Harbour School to a Multi Academy Trust

- 4.9 As part of its remit, the IEB was tasked with overseeing the transfer of THS to an Academy sponsor. Following careful consideration of the options and due diligence, agreement has recently been reached by the IEB to select Delta Education Trust (DET) as the preferred sponsor. It is likely that DET will confirm their support for this at a Trustees meeting on 7th July 2017.

Confirmation from DET will be subject to a commitment from the Council that financial support will be provided to address the deficit position of the school. This will be subject to a decision by the Cabinet Member and endorsement by Schools Forum in the Autumn 2017.

4.10 The transfer to Delta Education Trust is likely to be completed by September 2018.

5. Equality impact assessment

5.1 An equality impact assessment is not required as the recommendations do not have a negative impact on any of the protected characteristics as described in the Equality Act 2010.

6. Legal implications

6.1 There are no legal implications arising from the recommendations within this report. The report is for information only.

7. Head of Finance comments

7.1 As highlighted within the report action has been taken by the Interim Executive Board, with the support of the Delta Education Trust to improve the financial health of the school. As a result of these actions over the past 12 months, the school balances at the end of the year amounted to a deficit of £654,368, which is significantly less than had been forecast by the school at the beginning of the year.

7.2 The school are currently in the process of completing a staffing restructure, with the intention that the school will be financially sustainable in the longer term. During the transition period it is expected that the deficit may increase slightly from the level at the 31 March 2017. The Delta Education Trust and the Interim Executive Board are supporting the school with the development of budget plans; which will be reviewed by the Local Authority.

7.3 A further update will be provided to the Cabinet Member and Schools Forum in the Autumn. As the school completes its transition to a financially stable position, it is expected that financial support will be required from the Dedicated Schools Grant, in order to allow the school to move forward and continue to provide the SEN support required in the city.

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Signed by: Alison Jeffery, Director of Children, Families and Education

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by: