



Oak Wood School

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Mr P Malewicz
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3rd June 2019

Dear Mr Malewicz,

OAK WOOD SCHOOL 2019/20 – REQUEST FOR LICENCE TO RUN IN DEFICIT

The Interim Executive Board of Oak Wood School need to request a licence from LBH to run in deficit for the 2019/20 financial year. The CFR report for the 2019/20 budget is attached.

The school asked for a licence to run at an in-year deficit of £1,100k in 2018/19; the actual outturn was an in-year deficit of £726k, an improvement of £374k. This improved position was primarily due to the tightening of expenditure along with savings identified following a full review of all contracts.

The school is forecasting an in-year deficit of £379,037 in 2019/20, taking the cumulative revenue deficit to £3,766k. The reason that the school is still unable to set an in-year balanced budget is due to low pupil numbers in current year groups 9-11. Whilst the significant growth in Year 7 has resulted in the allocation of Growth Contingency funding, the size of the year groups at the top of the school are still small, resulting in the total funding being insufficient to effectively run the school. As the pupil growth works through the school, funding will increase and the expectation is that the school should be in a position to set an in-year balanced budget in 2020/21 and begin to pay of the deficit from 2021/22. The current and projected pupil numbers are detailed in the table below;

Academic Year	Y7	Y8	Y9	Y10	Y11
2018/19	204	190	116	73	75
2019/20	270	204	190	116	73
2020/21 (projected)	270	270	204	190	116
2021/22 (projected)	270	270	270	204	190

In addition the KS5 pupil numbers remain very low, resulting in the 6th form continuing to put pressure on the main school budget. This area is being reviewed by the IEB members and the Leadership team with the expectation that this cost pressure can be addressed in the coming years.



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The growth in pupil numbers has also resulted in a significant increase in pupils with additional needs. 20% of the current Y7 cohort have SEN, with almost 5% having an EHCP. The additional needs of these pupils, inevitably means an additional resource requirement and, given the lag on the funding of the growth, this is causing additional pressure on the budget.

There is also an increase in the number of pupils eligible for Pupil Premium (49% of the current Y7 cohort are eligible for Pupil Premium). Whilst the needs of these pupils will continue to be met, the funding will not be adjusted to reflect this increased cohort until next financial year. In addition a significant number of the pupils (over 5%) are known to Social Care (CP/CIN) with these children requiring additional staff time which the school receives no additional funding for.

The school is currently financially dependent on receiving funding from LBH but continues to take steps to ensure strict financial prudence. It continues to take steps to raise the profile of the school, promote the new build and maximise recruitment.

As part of our efforts to review the schools' expenditure line by line we have taken the following measures:

- a. Reviewed the school's curriculum model for September 2019 and we plan on further reviewing this next academic year to ensure that curriculum is as financially efficient as possible; this review will include 6th form provision where there will be a review of the provision to include the vocational offer.
- b. Continue to review all contracts, including some in the current year for maximum financial efficiencies at completion to ensure the school gets the best value for money. For example last year, the school renewed the Multifunctional Device contract making a saving of £4,584.
- c. Continue to increase income by using a lettings company to rent out the school buildings out of hours and by allowing the school's catering provider to transport meals to local primary schools.
- d. Sale of the vacant Caretaker house, in order to generate a capital receipt for the local authority to off-set against the cumulative deficit.

Attached is a projection of the deficit position up to and including 2021/22. Increasing pupil numbers, will provide the opportunity to significantly start reducing the deficit budget.

While we do know that in the long term the school roll will increase significantly and we currently predict that the school will be financially sustainable from 2021/22, the Head of School and the Interim Executive Board feel that in order for us to continue, the deficit will be a significant issue that will hamper the development of the school.

We would welcome a discussion on how to resolve this issue.

Yours Sincerely,

Alloysius Frederick
Chair, Interim Executive Board