

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: Maintained School Balances Outturn 2022-23

Meeting date: 13 June 2023

Report of: Dan Barton, Assistant Director, SEND, Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents the Cumberland maintained schools balances outturn position for financial year 2022/23. The balance is a net surplus of (£4.806m).
- 1.2 As agreed by the Cumbria Schools Forum on 8 June 2022 the excess surplus balances policy will be applied against maintained school balances. There were 36 maintained schools with an excess surplus balance as at 31 March 2023 totalling a combined balance of £1.544m above the allowable thresholds.
- 1.3 These schools have been asked to justify their excess surplus balances and the outcome will be reported at the next full Schools Forum meeting on 18 September 2023.

2.0 Link to Council Plan Priorities

- 2.1 Managing the level of school balances is supportive of the Council Plan “to improve the health and wellbeing of its residents” and the priority to “address inequalities and enable its residents to access opportunities that will empower them to achieve their goals.”

3.0 Recommendation

- 3.1 The maintained schools’ Schools Forum representative members are asked to note the maintained schools’ balances outturn position for 2022/23 and the application of the excess surplus balances policy.

4.0 Rationale & Evidence for the Recommendation

- 4.1 In accordance with The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance the DSG allocated to the Individual Schools Budget (ISB) is taken to have been spent as soon as it is deployed i.e. passed to schools’ budget shares. There is no requirement to track DSG through the ISB to its use by individual schools.

- 4.2 As the DSG is considered to be spent as soon as it is deployed to schools, and as schools have delegated budgets, any balances on individual schools are transferred to earmarked reserves and passported to these individual schools to form their opening balance for the 2023/24 financial year.
- 4.3 As at 31 March 2023 the net surplus balance on the maintained schools was (£4.806m), a decrease in net balances of £2.484m since 2021/22 and an increase of (£1.190m) compared to schools' own forecasts as at their October budget submissions which predicted a net surplus of (£3.616m).
- 4.4 The table below shows a breakdown of these figures separately by surpluses and deficits:

	2021/22 Actual		2022/23 Actual		Change in value £m
	Number of Schools	Total Value £m	Number of Schools	Total Value £m	
Maintained Schools with Surpluses	115	(9.717)	108	(8.010)	1.707
Maintained Schools with Deficits	16	2.427	19	3.204	0.777
Total	131	(7.290)	127	(4.806)	2.484

Deficit Balances

- 4.5 The number of maintained schools in deficit has increased by 3 and the total value of deficit balances has increased by £0.777m. During the year 1 school closed with a net deficit balance of £0.001m as at 31 March 2022, therefore in terms of the maintained schools both at 31 March 2022 and 31 March 2023 the number of schools in deficit has increased from 15 to 19 with the total deficit for these schools increasing by £0.778m.
- 4.6 In their three-year budget plans for 2022/23, 19 schools proposed a deficit budget plan totalling £3.272m. Of these schools, 15 ended the financial year in deficit with the year-end deficit balances for these schools totalling £3.107m and 4 schools that had proposed a surplus budget ended the year in deficit totalling £0.097m.
- 4.7 As shown in the table below maintained secondary schools face the most significant financial challenges with 71% of schools in these sectors in deficit. The number of secondary schools in deficit has increased from 4 to 5 between 31 March 2022 and 2023. The net deficit of these 5 secondary schools has increased by £0.548m from £1.989m to £2.566m as at 31 March 2023.

Phase	No of Schools in Sector	No in Deficit	Proportion of Sector	2022/23 Net Deficit £m	No in Surplus	Proportion of Sector	2022/23 Net Surplus £m
Nursery	3	1	33%	0.000	2	67%	(0.062)
Primary	114	13	11%	0.638	101	89%	(6.241)
Secondary	7	5	71%	2.566	2	29%	(0.506)
Special	1	0	0%	0.000	1	100%	(0.245)
PRU	2	0	0%	0.000	2	100%	(0.956)
Total	127	19		3.204	108		(8.010)

- 4.8 Each year, the local authority is required to report to the DfE where the number or proportion of maintained schools with revenue deficits is above a certain level in the form of a high level action plan explaining the reasons why schools are in deficit and the action that is being taken by the schools and LA to return to the schools to a balance position.

Surplus Balances

- 4.9 The number of maintained schools in surplus has decreased from 115 to 108 and the total value of surplus balances has reduced by £1.707m. During the year 3 schools joined academy trusts with a net surplus balance of £0.464m as at 31 March 2022, therefore in terms of the maintained schools both at 31 March 2022 and 31 March 2023 the number of schools in surplus has reduced from 112 to 108 with the total surplus for these schools reducing by £1.243m.
- 4.10 Although schools received additional funding in 2022/23 the main reason for the overall reduction in net school balances between years was due to increased staff costs including the impact of the teacher and non-teaching staff pay awards, increased energy costs due to the energy crisis as well as rising inflation on food and other supplies and services which more than offset the additional funding available in 2022/23.

Excess Surplus Balances

- 4.11 An excess surplus balance is defined within the LA Scheme of Financing for Schools as being greater than 8% (primary) and 5% (secondary) of a school's budget share. Despite the financial pressures described above 36 maintained schools ended the financial year with an excess surplus balance over the allowable threshold. The total value of the excess balance amount for these schools is £1.544m. As agreed by the Cumbria Schools Forum the excess surplus balance policy will be applied and schools have been asked to provide justifications for their excess balance amounts. It is expected that schools will be notified of the outcome of this exercise by the end of the Summer term and a summary report will be available at the next Schools Forum meeting in September when the maintained schools' Schools Forum representatives will be asked to consider whether or not the policy should apply against school balances at the end of 2023/24 financial year.

5.0 Options

- 5.1 There are no options, the maintained schools' Schools Forum representative members are asked to note the maintained schools balances and the application of the excess surplus balance policy.

6.0 Financial & Other Relevant Implications

- 6.1 Financial implications are considered throughout this report. Managing the level of excess surplus balances in maintained schools ensures that school funding is spend for the benefit of pupils in school in the year that is it allocated.

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