

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: Projected Maintained School Balances and Excess Surplus Balances Outcome

Meeting date: 18 September 2023

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

1.0 Executive Summary

- 1.1 This report presents the maintained schools projected net surplus balance position of (£0.721m) as at 31 March 2024.
- 1.2 It also presents the outcome of the excess surpluses balance policy which was applied against maintained school balances as at 31 March 2023.
- 1.3 The maintained schools representatives of the Schools Forum are asked to consider whether the excess surplus balances policy should continue to be applied in future years.

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 projected net surplus position for 2023/24 of (£0.721m);
 - note the outcome of the excess surplus balances policy;
- and

- decide if the excess surplus balances policy should continue to be applied in future years.

4.0 Rationale & Evidence for the Recommendation

Projected Maintained School Balances

- 4.1 As at 31 March 2023 the net surplus balances on maintained schools was (£4.806m). The net surplus balance position represented a decrease of £2.484m from the position as at 31 March 2022.
- 4.2 Based on school submitted May budget plans for 2023/24 a net surplus balance of (£0.721m) is projected as at 31 March 2024. The table below shows a breakdown of this projection separately by surpluses and deficits:

	2022/23 Actual		2023/24 Forecast		Change in value (£)
	Number of Schools	Total Value (£)	Number of Schools	Total Value (£)	
Schools with Surpluses	108	(£8.010m)	106	(£5.208m)	£2.802m
Schools with Deficits	19	£3.204m	21	£4.487m	£1.283m
Total	127	(£4.806m)	127	(£0.721m)	£4.085m

- 4.3 One school is expected to convert to academy status in the Autumn term and the surplus for this school at the end of 31 March 2023 was (£0.065m) and if they convert this will have a further negative impact on the overall net surplus position.
- 4.4 The 21 schools (17%) that have proposed deficit budgets for 2023/24 are required to submit a deficit recovery plan. Eight schools have complied with this mandatory requirement however 13 schools have not yet submitted their plans and have been requested to submit their recovery plans with their revised October budget plan submission.
- 4.5 Whilst maintained schools are predicting significant budget pressures, subsequent to the submission of their May budget plans the government have announced details of the new Teachers Pay Additional Grant to help schools meet the costs of the 2023/24 teacher pay award. The total expected grant for Cumberland mainstream and Special/PRUs schools is (£1.194m) therefore after taking this into account the revised projected net surplus balance as at 31 March 2024 is (£1.915m).
- 4.6 The DfE have also announced details of the schools funding settlement for 2024/25 which reflects inflationary increases for schools in the National Funding Formula of 2.4% and a minimum funding guarantee of 0.5% against their previous year's funding baselines, although the final school funding formula for Cumberland is subject to consultation and has not yet been confirmed. Despite this additional funding given the inflationary pressures that schools are faced with it is likely that school balances will continue to fall and this position is not sustainable.

- 4.7 Maintained schools are responsible for managing their own budgets and taking the necessary decisions to ensure that they maintain a healthy balance position although at times it is recognised that this can be extremely challenging. The school balances are being closely monitored by the finance team and support is available for those schools that are struggling to balance their budgets however the capacity to do this work is limited as the team is only small and currently supporting both Cumberland and Westmorland & Furness authorities. Schools are also encouraged to make use of the schools resource management webpages and tools.
- 4.8 The government have also recently announced that nationally £40m will be available to support maintained schools in financial difficulty although at time of writing this paper the details of how this funding will be targeted has not yet been published.

Outcome of Excess Surplus Balance Policy

- 4.9 As reported to Schools Forum June, 36 schools that ended the financial year 2022/23 with an excess greater than 8% (primary, nursery, special schools) and 5% (secondary schools) of their total delegated budget shares were required to provide justifications and supporting evidence for the excess amount about these thresholds. The total value of the excess amount was £1.544m.
- 4.10 The returns have been reviewed by the finance team. The majority of justifications met the criteria in the policy with 48% of the total excess balance relating to schemes of building work, furnishing or equipping, 24% for schemes of repair, 12% relating to expenditure planned for in 22/23 but occurring early in 23/24, 10% relating to unspent grants, and 6% for other reasons. The returns were reviewed by the Assistant Director for SEND, Education & Inclusion, 20 schools have received approval to retain their excess balance and 10 schools have received conditional approval subject to providing further evidence by 30 September.
- 4.11 DfE considers the holding of small surplus balances by schools to be part of sensible financial planning but also that school budget shares should be spent for the benefit of pupils in school at that time. The surplus school balances policy puts appropriate challenge on to schools with excess surplus balances. However, given the amount of resource time taken up by schools in preparing and collating their evidence for their justifications and the finance team in reviewing each justification and preparing the report for the Assistant Director against the low value of the excess claw back amount the maintained schools representatives of the Schools Forum are asked to consider whether completing this exercise on an annual basis is still of benefit in terms of managing the levels of maintained schools surpluses balances.

5.0 Options

- 5.1 Maintained schools representatives of the Schools Forum are asked to decide whether to:
- continue to apply the excess surplus balances policy in future years;
- or

- not apply the excess surplus balances policy in future years.

6.0 Financial & Other Relevant Implications

6.1 Financial implications are considered throughout this report. No equality/legal/ implications have been identified.

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