

CUMBERLAND COUNCIL SCHOOLS FORUM

Report Title: Maintained School Balances 2023/24

Meeting date: 15th January 2024

Report of: Heather Loveridge, Interim Assistant Director – SEND, Education & Inclusion

1.0 Executive Summary

- 1.1 This report presents a summary of the projected maintained schools balances. Based on school budget plans submitted in May 2023 the net surplus balance is projected to be (£0.695m) as at 31 March 2024. This comprised 105 schools proposing surplus balances totalling (£5.182m) and 21 schools proposing deficit balances totalling £4.487m.
- 1.2 In accordance with the LA Scheme for Financing Schools and policy for schools with deficit budgets, the Local Authority reviews the financial position of maintained schools and PRUs with a licensed deficit agreement and a summary report is provided to the Schools Forum.
- 1.3 The forecast year-end outturn for the 21 schools that have proposed deficit budgets for 2023/24 predicts a worsened position of £4.565m as at 30 September 2023, representing a forecast increase in pressure of £0.078m compared to their proposed deficit budgets of £4.487m.

2.0 Strategic Planning and Equality Implications

- 2.1 *Ensuring that Cumberland schools are funded appropriately is supportive of the Council Plan outcome that “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 Schools Forum is asked to note the projected school balances for maintained schools and the latest forecast year-end outturn position as at 30 September 2023 for those schools that have proposed a deficit budget for 2023/24.

4.0 Background

4.1 Maintained schools are required to submit a three-year budget plan each year by the 31 May to the finance team. These plans are reviewed to check that the funding assumptions made are reasonable and that the expenditure plans are achievable. A summary report is provided to the Assistant Director, Education & Inclusion who approves the budgets. Those schools that submit a budget that cannot be approved, because they are forecasting a deficit balance or for other reasons, are required to re-submit a revised budget by 31 October. Schools that propose a deficit budget must apply for a licensed deficit and return a forecast year-end outturn as at 30 September and 31 December. In accordance with LA Scheme for Financing Schools a summary report is provided to Schools Forum.

5.0 Projected Maintained School Balances 2023/24

5.1 As at 31 March 2023 the net surplus balance for maintained schools was (£4.806m). Based on schools' own projections from their May budget submissions the net surplus balance is predicted to be (£0.695m) as at 31 March 2024, a reduction of £4.111m. The table below shows a breakdown of these figures separately by surpluses and deficits:

	2022/23		2023/24		
	Number of Schools	Total Value (£m)	Number of Schools	Total Value (£m)	Change in value (£m)
Schools with Surpluses	108	(8.010)	105	(5.182)	2.828
Schools with Deficits	19	3.204	21	4.487	1.283
Total	127	(4.806)	126	(0.695)	4.111

5.2 The projections in the table above do not include balances for schools that have converted to Academies. To date only one school (St Bees Village School) has converted to academy status and their net surplus balance brought forward from 2022/23 (£0.065m) will transfer to the academy trust together with any in-year surplus/deficit balances accrued in 2023/24.

5.3 Of the 105 schools that are predicting surplus balances for 2023/24 a total of 7 schools are predicting balances in excess of the allowable 8% (primaries/ nurseries/ specials/ PRUs) and 5% (secondaries) thresholds.

6.0 Deficit Budget Submissions 2023/24

6.1 The number of schools with deficit balances is predicted to increase from 19 to 21. Of the 21 with deficit balances brought forward from 2022/23 5 of them are predicting to have a surplus balance at the end of 2023/24. Seven schools that brought forward surplus balances from 2022/23 are predicting deficit balances at the end of 2023/24.

6.2 The proposed deficit balances by sector are as shown in the table below:

Sector	Number of Schools	Schools in Deficit as a Proportion of Schools in Phase	Total Deficit Balance (£m)
Secondary	5	71%	3.566
Primary	15	13%	0.881
Nursery	1	33%	0.040
Total	21		4.487

6.3 Secondary schools continue to be faced with the most significant budget difficulties with 5 out of 7 secondaries predicting deficit budgets in 2023/24. The 5 secondaries predicting deficit budgets in 2023/24 were in deficit in 2022/23 and the net deficit balance for these secondaries is predicted to increase by £1.000m to £3.566m.

6.4 In accordance with the LA Scheme for Financing Schools applications for licensed deficits have been received from 9 out of the 21 schools that have proposed deficit budgets for 2023/24. Applications have been requested from those schools who have not applied for a licensed deficit to ensure they are compliant with the policy. However, in principle, the deficit recovery plans for 6 of these schools have been approved. This leaves a remainder of 15 schools that have not yet received approval.

7.0 Monitoring and Review of Deficit Budgets

7.1 Forecast year end outturn positions as at the 30 September 2023 have been received from 9 out of 21 schools that set deficit budgets for 2023/24 in their May Budget. The returns were reviewed to identify any significant variances from the agreed licensed deficit. Budget monitoring based on the school returns forecasts that the net deficit will increase by £0.078m compared to the schools' submitted May budget plans. Of the 9 returns received from deficit schools, 3 schools are predicting an improved position, the predicted net deficit for these schools is £0.363m against a planned net deficit of £0.439m, a reduction in the projected deficit of (£0.075m). However, 6 schools are showing a worsening position, the predicted net deficit for these schools is £1.964m against a planned net deficit of £1.811m, a projected pressure of £0.153m.

7.2 Forecast year end outturn returns are also requested from schools that ended the 2022/23 financial year in deficit but were projecting a surplus for 2023/24, to ensure these schools are on track against budget. There are 5 schools that brought forward deficit balances totalling £0.055m that were planning to return to a surplus position in 2023/24. None of the schools have yet provided a forecast year end outturn.

8.0 Resource and Value for Money Implications

- 8.1 Resource and value for money implications are considered throughout this paper. If a maintained school with a deficit is to open as a sponsored academy, the deficit remains with the LA. School deficits are not an allowable charge on the LA's schools budget. However, regulations allow, with the approval of Schools Forum, for closing school balances including those that close as a maintained school and become a new sponsored academy to be funded from a de-delegated contingency budget. This year to date, the 1 academy conversion was not an enforced sponsored academy conversion.

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