

Schools' Budgets

1.0 Revenue Budget Monitoring – Schools' Budgets

- 1.1 Table 1 shows the schools' actual end of year balances for financial year 2022-2023. Schools submit three year budget plans for financial years 2023 to 2026 detailing income and expenditure by 31 May 2023.
- 1.2 The forecast year end financial position as at 31 March 2024 is taken from the submitted budget plans and used to calculate any usage or increase in the school balance carried forward from 31 March 2023 and to forecast the surplus / (deficit) balance for 31 March 2024.

Table 1 – Projected Movement on Schools' Balances between Financial Year 2022-2023 and 2023-2024

Sector	Balances as at 31 March 2023 Surplus / (Deficit) £000	Forecast Use of Balances in 2023-2024 Surplus / (Deficit) £000	Forecast Balances as at 31 March 2024 Surplus / (Deficit) £000
Secondary	3,533	(2,035)	1,498
Primary	8,255	(3,471)	4,784
Junior	226	(99)	127
Infant	436	(203)	233
Nursery	1,280	(522)	758
Special	1,355	(1,266)	89
Pupil Referral Units	151	(169)	18
Total	15,236	(7,765)	7,471

Schools with Surplus Balances

- 1.3 In July schools . For those schools at the end of the financial year 2022-2023 with surplus balances the Authority will request information on the proposed use of surplus balances. For schools where surplus balances exceed 8% of the following year's budget share for primary, special schools and PRUs and by 5% for secondary schools for two consecutive years or in other circumstances where, in the view of the Authority, the level of surplus balances is cause for concern., 33 schools have balances above recognised thresholds detailed in the local scheme.

Schools' Budgets

Table 2 - Number of Schools as at 31 March 2023 with Surplus Balances

Sector	Total Number of Schools	Schools with Excess Surplus
Secondary	2	2
Primary	29	21
Junior	2	1
Infant	2	1
Nursery	7	6
Special	2	1
Pupil Referral Units	3	1
Total	47	33

- 1.4 In July all schools that have balances above these criteria are requested to provide plans for the intended use of the excess by mid September. We recognise this year schools are likely to see increasing costs associated with inflation and this, alongside the impact of any pay award in excess of budgets, will mean schools with surplus balances are likely to require using these excesses to support the Teachers' Pay Award. However, Local Authority Officers will scrutinise the school plans and may have meetings with their headteachers. A decision will then be made whether any of these schools should be moved forward into the arbitration process and an update on this will be included in the 2022-2023 Revenue Budget Outturn report to Councillors.

Schools in a deficit balance position

- 1.5 Where a school's plan is showing a deficit of less than £10,000, the school should be moved forward into an arbitration process, as set out in the scheme for financing schools, to determine if and to what extent any surplus balances should be recovered. This will be reported on a quarterly basis as part of licensed deficit approval procedures in accordance with the Authority's Constitution. If the school does not expect to be able to recover the deficit in this period, the school will be required to make a formal licensed deficit application. A formal licenced deficit application will be required for schools with deficit balances in excess of £10,000. Section 4.10 Licenced Deficits in the Scheme for Financing Schools outlines the procedure schools should follow with the assistance of the Local Authority. Schools with deficits will be contacted by the Education Finance Team.

Schools' Budgets

Table 3 – Schools with anticipated deficits in Financial year 2023-2024

Name	Actual Balance at end of 2022-2023 Surplus / (Deficit) £000	Anticipated Balance at end of 2023-2024 Surplus / (Deficit) £000	Status
Castlecroft Primary	3	(97)	School has been asked to submit a licensed deficit request and recovery plan.
Braybrook Centre	74	(214)	School will be asked to submit a licensed deficit request and recovery plan.
Penn Fields Special School	778	(138)	School will be asked to submit a licensed deficit application and a recovery plan.
Phoenix Nursery	(71)	(167)	School has an approved licensed deficit and are submitting progress reports.

- 1.6 We recognise that schools with forecast deficit balances in the financial year 2023-2024 will have contributing factors similar to those schools who demonstrate utilising surplus balances carried forward from the financial year 2022-2023 of increasing costs associated with inflation and the impact of any pay award in excess of standard budget percentages increases forecast in prior years

The returned licenced deficit application will be scrutinised by the Education Finance team, working with and supporting the school to return to a balanced budget position.