



Paper D

Purpose: For Information

Committee report

Committee	SCHOOLS FORUM
Date	13 JULY 2023
Title	2022/23 SCHOOL BALANCES (MAINTAINED SCHOOLS)
Report of	DIRECTOR OF CHILDREN'S SERVICES AND DIRECTOR OF FINANCE

EXECUTIVE SUMMARY

1. This report provides an update in the movement of individual maintained school balances as at 2022/23 financial year end (March 2023), alongside information on the indicative budget planning for 2023/24. Details of individual school balances are included in Appendix A.
2. The Isle of Wight [Scheme for financing schools \(iow.gov.uk\)](https://www.iow.gov.uk) determines the financial compliance requirements of local maintained schools with the key section 4 being the main controls linked to the treatment of surplus and deficit balances.

SCHOOLS 2022/23 OUTTURNS

3. Isle of Wight maintained schools have devolved bank accounts and individual stand-alone accounting systems which add to year end responsibilities alongside easter holidays, and now business as usual tight closedown deadlines. Despite this, all but one school worked hard with the Education Finance team to complete the closedown requirements on time.
4. The overall balance on the current active 41 maintained schools brought forward from 2021/22 was a positive (net surplus) of £2.139million. 2022/23 improved significantly to a net surplus position of £3.1million which was considerably better than the original May 2022 budget plans that indicated the overall balance would reduce to £1.2million in 2022/23.
5. The number of schools in deficit reduced from 6 to 5 out of 41 (12%). The reduction resulted from Godshill Primary, Hunnyhill Primary and the Island Learning Centre coming out of a deficit position. Niton and Greenmount primary schools both entered into new cumulative deficits during 2022/23.

Table 1: Cumulative School Positions (excluding closed or academy conversion schools)

Cumulative Balances					In Year
Year:	19-20	20-21	21-22	22-23	22-23
Surplus	29	34	35	36	17
Deficit	12	7	6	5	24
TOTAL Schools	41	41	41	41	41
Total Value	-£154,959	£2,001,410	£2,139,067	£3,093,908	£954,840

6. It is concerning that such a significant proportion of schools (over a half) operated through 2022/23 on an in-year deficit position. On speaking with schools, many commented on pressures relating to the pay award, energy costs and inflation being a significant factor.
7. Most schools experienced an outturn of an improved position compared to their May 2023 budget submissions, some of which saw significant movement and can be evidenced in some cases as prudent budgeting.

SCHOOLS FINANCIAL VALUE STANDARD (SFVS) 2022/23

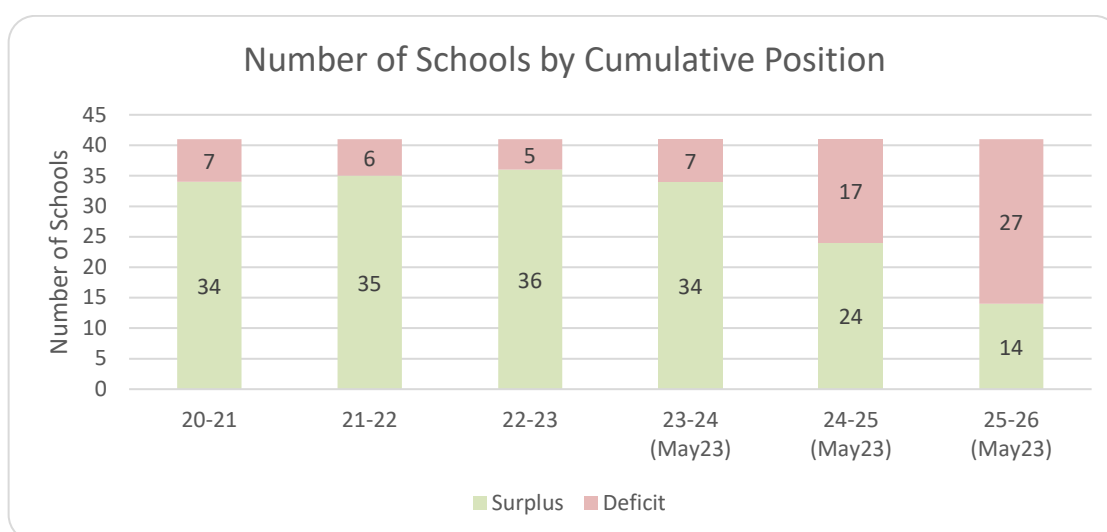
8. The SFVS return is an annual mandatory 30 question statement completed by governors to self-assess their finances and provide assurance to the Local Authority that they have secure financial management in place for all 41 maintained schools. All schools completed and submitted their return for 2022/23 to the Local Authority on time.
9. The internal audit of the SFVS arrangements including a sample of schools concluded as 'reasonable assurance' with 96% of responses deemed as appropriately evidenced. This allowed the Chief Financial Officer assurance statement to be submitted to the DfE on 31 May 2023 and no compliance issues have been received back to date.

SCHOOL BUDGET PLANS MAY 2023

10. The normal submission deadline of 31 May continued this year. Most schools submitted governor approved three-year budget plans on time and in the required format. Island Learning Centre was given an extension to 14 June due to school business manager cover starting one week prior to the deadline and complex changes that were required to be factored in, as the primary provision at the centre is to end from September 2023.
11. Schools are under continued pressure to balance budgets and working towards matching in-year expenditure with in-year income to evidence longer term sustainability and financial viability. There are continued future year risks and uncertainty in particular on pay award, non-pay inflation, energy contracts, catering costs and all other areas. The maintained schools additional grant, which equated to about 5% increase on funding may not be sufficient to deal with these pressures.

12. Submitted budget plans suggest the number of schools in deficit for 2023/24 increasing from 5 to 7. One primary school is expected to come out of deficit in anticipation of amalgamation with another school. An initial new deficit is suggested at Cowes, St Helens and Oakfield CE Aided Primary schools. School Resource Management Advisor support was confirmed for one of the schools and a further discussion is to take place between the LA and the other two schools to understand the position.
13. Similar to previous year, a higher proportion of schools continue to predict year 2 deficits (2024/25). All schools that have future years deficit acknowledged this position and stated that they will take action to address it. Education Finance is monitoring the position and has requested regular budget monitoring from the schools that are at risk of going into deficit.
14. In year 3, 66% of schools are forecast to be in a deficit position consistent with previous year 3 estimates, but this information should be treated with extreme caution until more certainty around funding and pay awards is established in upcoming budget revisions, alongside already planned actions being implemented by schools.

Chart 1: Cumulative School Positions (excluding closed or academy conversion schools)



15. Under the current Scheme for Financing Schools, each school must submit a 3-year budget plan each May (refreshed in November) and the licensing of deficits must satisfy these main recovery / timing criteria.
 - A deficit budget must not be set without the prior approval of Education Finance (Senior Finance Business Partner) and the school must produce a clear plan to recover the deficit within 3 years, i.e. enter a cumulative surplus position in year 3.
 - In exceptional circumstances, it may be possible to extend the recovery period to up to 5 years with the approval of the Director of Childrens Services (DCS), i.e. enter a cumulative surplus position in year 5.

- Under no circumstances is a school allowed to remain in deficit for 5 or more years without either a notice of concern being issued, or the schools delegated budget being suspended.

SCHOOL CHALLENGE & SUPPORT

16. With 41 maintained schools, individualised knowledge, communication, support and challenge is key in monitoring the financial health of schools. In addition to this there is continued use of the internal 5-point RAG rating system applied to all maintained schools, to group the local authority's risk assessments of each schools' financial health depending on the level of concern.
17. Each school is given a rating, considering forecast and historic surplus or deficit positions, alongside softer knowledge of school business manager interactions, non-financial risks, school improvement status. 83% of schools are within lower risk categories and therefore general budget monitoring or keep in touch communication with schools is followed. The authority considers a variety of interventions when approaching schools to ensure they remain financially sustainable, these may include:
 - a) Writing to governors for an explanation of the school budget strategy.
 - b) Increasing the level of authority level budget monitoring.
 - c) Requesting a formal recovery plan is produced, detailing the strategies, costed with timelines to achieve a balanced budget position.
 - d) Joint meetings between the school, finance and school improvement teams to consider budget assumptions, staffing structures, efficiencies, and value for money of any proposals.
 - e) Submitting requests to the DfE for a School Resource Management Advisor deployment, to enable a dedicated individual school review.
 - f) The issuing of a Notice of Concern requiring the school to undertake a range of actions that further increase local authority oversight, support and challenge.
18. The Director of Childrens Services continues to complete an annual review of budget plan submissions which results in a combination of the above actions. This year's review was completed at the end of June 2023 and will be followed up by planned individual communications to the relevant handful of 7 schools (Christ the King College, The Bay CE School, Cowes Primary, St Helens Primary, Niton Primary, Greenmount Primary and Oakfield CE Aided Primary schools).
19. The following business as usual activities assist in the local authority duty to robustly monitor school finances and budgets.

- a) Education Finance participation in school business manager network meetings, governor network groups and regular slots at headteacher network groups.
- b) The long-standing School Reorganisation Panel (including Assistant Director, Strategic Manager of Human Resources and Senior Finance Business Partner) considers business cases for school restructures, operating virtually providing some challenge to issues such as redeployment and value for money on redundancies whilst linking to budget recovery plans.
- c) Use of the expanded set of DfE tools by the local authority and schools to compare and monitor school finances, including the benchmarking tools and more detailed login based View My Financial Insights (VMFI).
- d) Regular cross department review meetings including Finance, School Improvement, Admissions and Asset Management, sharing intelligence and ensuring support and challenge has appropriate awareness of the full implications as well as the individual school circumstances.



DFE ACTION PLANNING

20. As part of the agenda on increasing transparency, the DfE are asking local authorities to complete mandatory high level action plans when the number of schools with deficits (over 7% of their income), exceeds 10% of the local authority maintained schools. The request is based on 2021/22 Consistent Financial Reporting (CFR) data which included 3 out of 41 schools at that point (7.3%) and therefore unlikely to reach the DfE threshold.

ACADEMY DATA

21. Academy data is outside of the local authority remit, but relevant information on balances, income, expenditure and other non-financial data can be accessed through the standard [DfE benchmarking](#) tools. The current reporting period is up to 2021/22 financial year (August 2022).

Revenue reserve

 Add to your charts 

 [More about revenue reserve](#)

Show more information

School name	Amount
The Island Free School	£1,058,000
Cowes Enterprise College, An Ormiston Academy	£746,463
Ryde Academy	£722,010
St Francis Catholic and Church of England Primary Academy	£184,062
Lanesend Primary School	£178,000
St Blasius Shanklin CofE Primary Academy	£175,339
Northwood Primary School	£80,000

RECOMMENDATIONS

1. That Schools Forum notes the school balances position for the Isle of Wight local authority maintained schools.

APPENDICES ATTACHED

Appendix A – School Balances History & 2023/24 Forecast

BACKGROUND PAPERS

DfE School Benchmarking

<https://schools-financial-benchmarking.service.gov.uk/>

Contact Point: Irina Rowan, Senior Finance Business Partner – Childrens Services, Isle of Wight Council ☎ 01983 821000 e-mail: irina.rowan@iow.gov.uk

STUART ASHLEY
Director of Children's Services

CHRIS WARD
Director of Finance

	J	S	T	U	V	W	X	Y	Z	AA	AB	
1	Isle of Wight Council - Maintained Schools Balances 2023-24										APPENDIX A	
2		Historic Cumulative Balances				In Year						
3												
	School	20-21 Balance c/fwd. (+surplus -deficit)	21-22 Balance c/fwd. (+surplus -deficit)	22-23 Balance c/fwd. (+surplus -deficit)		22-23 In Yr. Position (+surplus -deficit)		22-23 Forecast (May Budget Plan)				
4												
5	Arreton St George's Church of England Controlled Primary School	136,731	112,030	64,203		-47,826		49,414				
6	Barton Primary School	98,070	174,389	246,492		72,103		133,821				
7	Bembridge Church of England Primary School	32,840	35,054	11,035		-24,018		5,181				
8	Binstead Primary School	203,800	220,145	246,010		25,865		256,491				
9	Brading Church of England Controlled Primary School	218,285	231,818	269,825		38,007		277,972				
10	Brighstone Church of England Aided Primary School	56,593	31,541	25,963		-5,579		3,796				
11	Broadlea Primary School	51,975	89,969	73,590		-16,379		32,868				
12	Carisbrooke Church of England Controlled Primary School	315,457	346,831	486,542		139,710		385,366				
13	Chillerton and Rookley Primary School	-80,374	-74,071	-74,372		-300		14,010				
14	Cowes Primary School	-30,800	26,482	26,039		-443		-127,267				
15	Dover Park Primary School	225,287	237,706	233,937		-3,768		118,721				
16	Freshwater & Yarmouth Church of England Aided Primary School	21,526	23,444	45,056		21,613		10,321				
17	Gatten and Lake Primary School	212,972	147,707	141,286		-6,421		142,513				
18	Godshill Primary School	-136,052	-112,546	12,565		125,111		59,352				
19	Greenmount Primary School	157,823	27,475	-54,489		-81,964		-75,501				
20	Gurnard Primary School	89,084	93,997	318,204		224,207		271,656				
21	Haylands Primary School	218,902	223,340	296,740		73,400		241,458				
22	Holy Cross Catholic Primary School	140,045	87,973	36,338		-51,636		1,334				
23	Hunnyhill Primary School	-12,443	-29,599	47,390		76,989		25,622				
24	Nettlestone Primary School	111,969	113,435	89,950		-23,486		45,879				
25	Newchurch Primary School	56,888	85,431	119,035		33,604		37,351				
26	Newport Church of England Aided Primary School	211,349	201,456	200,245		-1,211		180,293				
27	Nine Acres Primary School	283,210	284,069	309,957		25,888		125,731				
28	Niton Primary School	29,938	2,603	-19,295		-21,897		-18,273				
29	Oakfield Church of England Aided Primary School, Ryde	162,080	120,182	96,849		-23,332		-165,255				
30	Queensgate Foundation Primary	208,907	256,521	241,918		-14,603		169,722				
31	Shalfleet Church of England Primary School	10,941	84,401	88,584		4,183		45,510				
32	St Helens Primary School	37,447	50,801	1,698		-49,103		-35,735				
33	St Mary's Catholic Primary School	111,186	111,376	28,000		-83,376		30,369				
34	St Saviour's Catholic Primary School	102,248	74,842	58,797		-16,045		27,654				
35	St Thomas of Canterbury Catholic Primary School	87,570	63,505	54,907		-8,598		10,120				
36	Summerfields Primary School	33,732	66,528	2,233		-64,296		3,907				
37	Wootton Community Primary School	46,716	48,992	58,682		9,690		48,941				
38	Wroxall Primary School	118,311	156,027	135,056		-20,971		122,505				
39	Primary	3,532,215	3,613,854	3,918,971		305,117		2,455,847				
40												
41	The Bay Church of England School	-1,581,600	-1,322,285	-1,514,537		-192,252		-1,803,836				
42	Christ The King College	-1,554,590	-1,671,438	-1,113,235		558,203		-868,972				
43	Carisbrooke College	517,069	449,573	353,197		-96,376		335,305				
44	Medina College	671,738	534,894	627,512		92,618		698,199				
45	Secondary & All-through	-1,947,382	-2,009,257	-1,647,063		362,194		-1,639,304				
46												
47	Medina House	526,416	538,643	466,293		-72,350		178,081				
48	St. Georges	43,949	61,115	258,290		197,175		353,061				
49	Special	570,365	599,757	724,583		124,826		531,142				
50												
51	Island Learning Centre	-153,789	-65,287	97,417		162,704		131,558				
52	Alternative	-153,789	-65,287	97,417		162,704		131,558				
53												
54	TOTAL	2,001,410	2,139,067	3,093,908		954,840		1,479,243				
55												
56	Numbers of Schools by position (excluding any historic academy conversions)											
57	Surplus:	34	35	36		17		34				
58	Deficit:	7	6	5		24		7				
59	TOTAL:	41	41	41		41		41				
60												
61	% of Schools by position (excluding any historic academy conversions)											
62	Surplus:	83%	85%	88%		41%		83%				
63	Deficit:	17%	15%	12%		59%		17%				
64												
65	Value of position by Sector											
66	Primary	3,532,215	3,613,854	3,918,971		305,117		2,455,847				
67	Secondary & All-through	-1,947,382	-2,009,257	-1,647,063		362,194		-1,639,304				
68	Special	570,365	599,757	724,583		124,826		531,142				
69	Alternative	-153,789	-65,287	97,417		162,704		131,558				
70	TOTAL	2,001,410	2,139,067	3,093,908		954,840		1,479,243				