



Committee report

Committee	SCHOOLS FORUM
Date	11 JULY 2024
Title	2023-24 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 2023-24 financial year end (March 2024), alongside information on the indicative budget planning for 2024-25. Details of individual school balances are included in Appendix A.
2. The Isle of Wight [Scheme for financing schools \(iow.gov.uk\)](http://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 2023-24 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 2022-23 was a positive (net surplus) of £3.094 million. 2023-24 improved to a net surplus position of just under £4.2 million which was considerably better than the original May 2023 budget plans that indicated the overall balance would reduce to £1.5 million in 2023-24.
5. The number of schools in deficit however increased from 5 to 9 out of 41 schools (23%). There was a reduction of one school in deficit due to the closure of Chillerton and Rookley Primary but Brighstone, Cowes, Holy Cross, Oakfield and St Helens Primary Schools all entered into new cumulative deficits during 2023-24.

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

Cumulative Balances					In Year
Year:	20-21	21-22	22-23	23-24	23-24
Surplus	34	35	36	31	19
Deficit	7	6	5	9	22
TOTAL Schools	41	41	41	41	41
Total Value	£2,001,410	£2,139,067	£3,093,908	£4,181,730	£1,087,822

6. It is concerning that once again a significant proportion of schools (over a half) operated through 2023-24 on an in-year deficit position. On speaking with schools, many commented on pressures relating to reducing pupil number, pay award, support for children with EHCPs and inflation being a significant factor.
7. 73% of 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) 2023-24

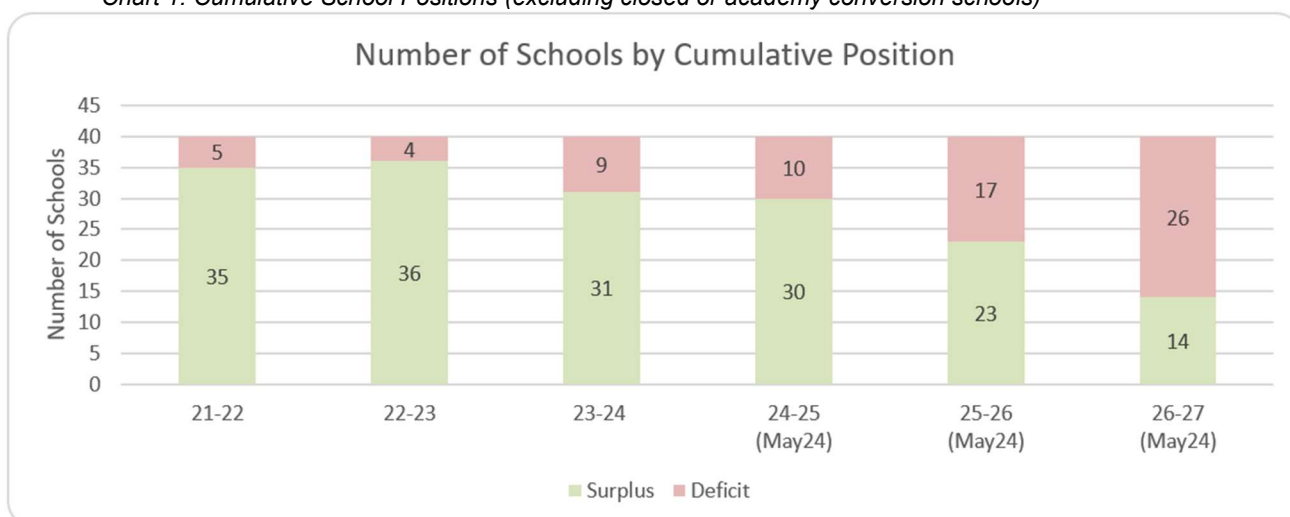
8. The SFVS return is an annual mandatory 30 question statement completed by governors to self-assess their finances and provide assurance to the Local Authority that they have secure financial management in place for all 41 maintained schools. All schools completed and submitted their return for 2023-24 to the Local Authority on time.
9. The Chief Financial Officer assurance statement was submitted to the DfE on 22 May 2024 and no compliance issues have been received back to date.

SCHOOL BUDGET PLANS MAY 2024

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. Medina College and Carisbrooke College were given an extension to 21 June to allow for additional work to produce a balanced budget following SRMA deployment.
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, reducing pupil number, non-pay inflation and all other areas.

12. Submitted budget plans suggest the number of schools in deficit for 2024/25 increasing from 9 to 10. Three primary schools who had unlicensed deficits are expecting to come out of deficit in 2024/25. These schools are Holy Cross, Niton and St Helens Primary. An initial new deficit however is suggested at Barton, Bembridge, Broadlea and Godshill 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. As in previous years, a high proportion of schools (43%) predict year 2 deficits in 2025/26. All schools that have a future year deficit acknowledged this position and stated that they will take action to address it. Education Finance is monitoring the position and will request regular budget monitoring from the schools that are at risk of going into deficit.
14. In year 3, 65% 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 40 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. 75% 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 is due to be completed at the beginning of July 2024 and will be followed up by planned individual communications to the relevant schools (Christ the King College, The Bay CE School, Barton Primary, Bembridge Church of England Primary, Brighstone Church of England Primary, Broadlea Primary, Cowes Primary, Godshell 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 Service 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 5% of their income), exceeds 10% of the local authority maintained schools. For the 2023/24 financial year 9.7% (4 out of 41) of schools fall into this category 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 2022-23 financial year (August 2023).

Revenue reserve

 Add to your charts 

[More about revenue reserve](#)

School name	Local authority	School type	Number of pupils	Amount 
The Island Free School	Isle of Wight	Free school	622.0	£1,134,000
Ryde Academy	Isle of Wight	Academy sponsor led	1457.0	£925,993
Cowes Enterprise College, An Ormiston Academy	Isle of Wight	Academy sponsor led	1238.0	£732,483
St Francis Catholic and Church of England Primary Academy	Isle of Wight	Academy sponsor led	202.0	£122,788
St Blasius Shanklin CofE Primary Academy	Isle of Wight	Academy sponsor led	197.0	£119,748
Lanesend Primary School	Isle of Wight	Academy converter	446.0	£97,000
Northwood Primary School	Isle of Wight	Academy converter	201.0	£44,000

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 and 2024-25 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

ASHLEY WHITTAKER
Director of Children's Services

CHRIS WARD
Director of Finance

