

# 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 <u>Scheme for financing schools (iow.gov.uk)</u> 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 standalone 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.

		Cumulative	e 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

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

- 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.

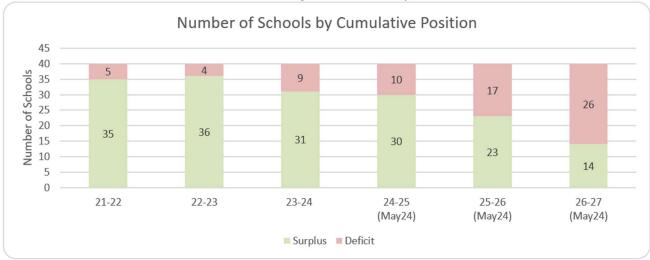


Chart 1: Cumulative School Positions (excluding closed or academy conversion schools)

- 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, Godshill 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 <u>DfE benchmarking</u> tools. The current reporting period is up to 2022-23 financial year (August 2023).

Revenue reserve Add to your of   More about revenue reserve Image: Comparison of the second se				
			Showles	s information
Schoolname	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/

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ASHLEY WHITTAKER Director of Children's Services CHRIS WARD Director of Finance

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1	Isle of Wight Council - Maintained Schools B							PPENDIX A	
2 3		Histo	oric Cumulative Bala	inces		May24 Bu		udget Plans	
	School	21-22 Balance c/fwd. (+surplus - deficit)	22-23 Balance c/fwd. (+surplus - deficit)	23-24 Balance c/fwd. (+surplus - deficit)		24-25 <u>In Yr.</u> Position (+surplus - deficit)		Mar25 Budget Plan	
4	Arreton St George's Church of England Controlled Primary School	112,030	64,203	104,631		-57,894	+	46,737	
5	Barton Primary School	174,389	246,492	150,878	+	-203,847	+	-52,969	
6	Bembridge Church of England Primary School	35,054	11,035	22,429	+	-120,851	+	-98,422	
	Binstead Primary School	220,145	246,010	257,704		-92,933	+	164,771	
	Brading Church of England Controlled Primary School	231,818	269,825	461,031		-147,118		313,913	
9 10	Brighstone Church of England Aided Primary School	31,541	25,963	-35,474		-25,100	+	-60,574	
	Broadlea Primary School	89,969	73,590	86,692	┢	-124,196		-37,504	
11	Carisbrooke Church of England Controlled Primary School	346,831	486,542	577,001		-146,177		430,884	
12 13	Chillerton and Rookley Primary School	-74,071	-74,372	0					
	Cowes Primary School	26,482	26,039	-27,351	┢	-268,009		-295,360	
14 15	Dover Park Primary School	237,706	233,937	318,563	+	-76,471		241,529	
15	Freshwater & Yarmouth Church of England Aided Primary School	23,444	45,056	39,189		4,507		33,412	
17	Gatten and Lake Primary School	147,707	141,286	153,153	┢	12,522		165,675	
18	Godshill Primary School	-112,546	12,565	9,426		-158,965		-149,539	
19	Greenmount Primary School	27,475	-54,489	-79,090		-26,590		-105,680	
20	Gurnard Primary School	93,997	318,204	251,321		-96,786		154,535	
21	Haylands Primary School	223,340	296,740	267,256	T	-151,728		115,528	
22	Holy Cross Catholic Primary School	87,973	36,338	-8,100		8,546		442	
23	Hunnyhill Primary School	-29,599	47,390	76,737		-57,084		19,653	
24	Nettlestone Primary School	113,435	89,950	85,436		-39,502		45,935	
25	Newchurch Primary School	85,431	119,035	96,044		-72,445		23,599	
26	Newport Church of England Aided Primary School	201,456	200,245	129,359		-63,857		65,502	
27	Nine Acres Primary School	284,069	309,957	395,204		-310,796		84,408	
28	Niton Primary School	2,603	-19,295	-19,520		27,739		8,219	
29	Oakfield Church of England Aided Primary School, Ryde	120,182	96,849	-111,020		-213,524		-324,546	
30	Queensgate Foundation Primary	256,521	241,918	231,912		-73,093		158,818	
31	Shalfleet Church of England Primary School	84,401	88,584	42,490		-4,816		37,674	
32	St Helens Primary School	50,801	1,698	-1,717		2,199		482	
33	St Mary's Catholic Primary School	111,376	28,000	23,961		-11,387		12,573	
34	St Saviour's Catholic Primary School	74,842	58,797	31,245		-30,018		1,227	
35	St Thomas of Canterbury Catholic Primary School	63,505		51,243		-26,960		24,283	
36	Summerfields Primary School	66,528		14,479		2,308		16,786	
37	Wootton Community Primary School	48,992	58,682	58,296		2,656		60,952	
38	Wroxall Primary School	156,027	135,056			-26,299		134,067	
39 40	Primary	3,613,854	3,918,971	3,813,774	╞	-2,565,969	+	1,237,010	

	М	W	Х	Y	ZBN	BO B	P BQ		
1	Isle of Wight Council - Maintained Schools B	alances 2024-	25				APPENDIX A		
2			oric Cumulative Bala	inces		May24 Budget Plans			
3									
	School	21-22 Balance c/fwd. (+surplus - deficit)	22-23 Balance c/fwd. (+surplus - deficit)	23-24 Balance c/fwd. (+surplus - deficit)		24-25 <u>In Yr.</u> Position (+surplus - deficit)	Mar25 Budget Plan		
4	The Bay Church of England School	-1,322,285	-1,514,537	-1,213,657		8,543	-1,205,113		
41									
	Christ The King College	-1,671,438	-1,113,235	-701,594		170,629	-530,965		
42	Carisbrooke College	449,573	353,197	500,817		375,881	779,078		
43			555,157	500,817		375,001	775,070		
44	Medina College	534,894	627,512	374,870		248,899	277,692		
45	Secondary & All-through	-2,009,257	-1,647,063	-1,039,564		803,952	-679,308		
46									
47	Medina House	538,643	466,293	515,504		-119,174	396,330		
48	St. Georges	61,115	258,290	615,011		-391,532	223,479		
49	Special	599,757	724,583	1,130,515		-510,706	619,809		
50									
51	Island Learning Centre	-65,287	97,417	277,004		-142,040	134,964		
52	Alternative	-65,287	97,417	277,004		-142,040	134,964		
53									
54	TOTAL	2,139,067	3,093,908	4,181,730		-2,414,763	1,312,475		
55 56	Numbers of Schools by position (excluding any historic academy	(conversions)							
	Surplus:	35	36	31		11	30		
	Deficit:	6		9		29	10		
59		41	41	40		40	40		
60 61	% of Schools by position (excluding any historic academy conver	sions							
	Surplus:	<u>85%</u>	88%	78%		28%	75%		
63	Deficit:	15%		23%		73%	25%		
64 65	Value of position by Sector								
66	Primary	3,613,854	3,918,971	3,813,774		-2,565,969	1,237,010		
	Secondary & All-through	-2,009,257	-1,647,063	-1,039,564		803,952	-679,308		
	Special	599,757	724,583	1,130,515		-510,706	619,809		
	Alternative	-65,287	97,417	277,004		-142,040	134,964		
70	ΤΟΤΑL	2,139,067	3,093,908	4,181,730		-2,414,763	1,312,475		
71									