

## ***Item 7***



# Report to Schools Forum

<b>Meeting Date</b>	22 June 2023
<b>Subject</b>	Maintained School balances as at 31 March 2023 and Three year Budget plans
<b>Report Author</b>	Jane Davy

<b>Report purpose</b>
To provide Schools Forum with the final revenue balances for all maintained schools at the end of the 2022/2023 financial year and the estimated revenue balances for all maintained schools following receipt of their budget plans for the next three years.

<b>Need for consideration</b>
Schools Forum to consider and give a view on the report

<b>Need for decision</b>
N/A

<b>Contact Officers</b>
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# Report to Schools Forum

## 1. Background information and context

- a) All schools hold revenue balances at the end of each year to allow for unforeseen events and emergencies, and in some cases to smooth out the effects of changes in school rolls, changes to staffing structures and one off expenditure such as building work.
- b) The Council holds separate reserves or balances to cover the same events for all other Council expenditure. Schools are specifically excluded from the use of these balances and therefore need to maintain their own balances.
- c) School Forum agreed to maintain the clawback mechanism in the scheme for financing schools to ensure schools could be held to account if they held excessive balances.
- d) The Scheme for Financing Maintained Schools requires maintained schools to submit a three-year budget statement by the beginning of May, detailing how school resources are planned to be spent. These statements also show estimated school balances at the end of each year.
- e) The Scheme also requires school budget plans to be approved each year by the Local Authority. This is generally light touch but facilitates more work being undertaken where budget deficits are being projected
- f) This report covers Calderdale's 52 maintained schools (1 through school, 1 secondary, 47 primary and 3 special schools) and excludes academies that are subject to separate Education and Skills Funding Agency (ESFA) monitoring.

## 2. Main issues for Schools Forum

- a) Schools initially projected collective surplus balances of £9.42 million as at 31<sup>st</sup> March 2023. Their recent spring term monitoring statements projected revised surplus balances of £8.2 million.
- b) The accounts for all schools are now closed and the overall level of balances in Calderdale's 52 maintained schools (including community focused balances and cluster fund balances) is £10.15 million. Within this sum the amounts per sector are primary £5.94 million, secondary £1.89 million, and special £2.32 million.

This is an overall increase in balances on last year of £733k. A summary of the revenue balances held by each sector compared to last year is shown below (adjusted for academy conversions in year):

	<b>Balances as at 31 March 2022</b>	<b>Movement</b>	<b>Balances as at 31 March 2023</b>
	£000's	£000's	£000's
Primary	6,535	-598	5,937
Secondary	1,182	+709	1,891
Special	1,700	+622	2,322
<b>Total</b>	<b>9,417</b>	<b>+733</b>	<b>10,150</b>

- c) In the secondary school sector, there are two LA maintained schools, both of which have increased their surplus.
- d) In the primary sector balances have reduced overall, two schools are in deficit, 45 Schools are in surplus. 4 schools are holding balances more than 20% of their annual income. 5 schools are holding balances either less than £40k or less than 2% of total income.
- e) In the special school sector, 2 schools balances have increased, 1 school is holding balances over 20% of total income. However, it is known this school will be using a significant amount to fund building programme in 23/24
- f) The Local Authority, in consultation with Schools Forum, introduced a balance control mechanism in 2011. In the first two years of the mechanism schools with balances above the recommended threshold were required to provide evidence of their commitments and some were subject to time limited arrangements at the end of 2011/12. However, Schools Forum agreed to suspend the balance control mechanism for 2020/21, 2021/22 and 2022/23. As mentioned above in 1c it was agreed to keep the clawback mechanism in the Scheme for Financing Schools so that the LA and Schools Forum can hold any school to account if they continue to hold excessive balances over several years.
- g) It is surprising that school balances have increased overall. However, with only 7/12ths effect of increased pay award's, the teacher's pay award still not agreed for 22/23 and 23/24, support staff pay award not yet agreed for 23/24, increase in energy costs and inflation at highest rate for many years, many schools will have put projects, purchase of resources and recruitment on hold to ensure they are sustainable moving forward.
- h) Maintained schools were asked to submit their three year budget plans by 1<sup>st</sup> May 2023, 36 budget statements were received by the deadline, the remaining 16 returns were received by the 25<sup>th</sup> May 2023. At the time of writing the reports 47 schools have been written to approving their budgets. 5 schools are projecting deficit budgets and will be written to individually, 2 of the 5 schools will be written to asking for further information along with a requirement to have a robust and sustainable recovery plan that has to be agreed by both the Interim Head of Finance and the Director of Children and Young People's Services.
- i) From the 47 Schools, 19 schools are projecting to be in surplus for all three financial years. 15 schools are projecting to be in surplus for two years and then fall into deficit in year three, these schools will receive letters approving 23/24 and asked to look at making future savings when setting their 24/25 to 26/27 budgets. 12 Schools are

projecting a surplus for 23/24 with deficits for 24/25 and 25/26, these schools will be asked submit monthly monitoring statements and to resubmit a budget for 24/25 in October 23 when future pupil numbers and funding will be more certain.

- j) As mentioned above balances brought forward from 22/23 total £10.1million, maintained schools plan to reduce this to £7.6 million by March 24. Primaries reducing to £4m, secondaries increasing to £2.3m and special schools reducing to £1.3m
- k) For the longer 3 year period 31 schools are projecting deficit balances. However, schools have been prudent when projecting income for year three due to lack of information and based their budgets on known funding available. If the increase in income is not sufficient, these schools will have to look at reducing their expenditure from 24/25 onwards.
- l) At the time of presenting this report all schools (except 2) should have received a letter confirming that their submitted budget for 23/24 has been approved, as mentioned above some of those letters sound caution around the longer term projections and advise schools of the need to re-examine their plans for future years.
- m) Appendix A shows individual balances as at 31<sup>st</sup> March 23 and projected balances as at 31<sup>st</sup> March 24

### **3. Recommendations**

- 1. Members note the maintained schools' balances as at 31 March 2023.
- 2. Members note the original budget projections for the next three financial years.
- 3. A report is brought to the autumn term meeting based on Autumn 2023 projections.

### **4. Reasons for recommendations**

By informing school forum, officers are complying with regulations set out in the scheme for financing schools.

### **5. Impact of funding, targets, and milestones**

None unless Clawback mechanism is implemented

### **6. Resource implications**

None unless Clawback mechanism is implemented

## 7. Appendices

Balances as at 31 March 23 and projected balances as at 31<sup>st</sup> March 24

School Name	Revenue surplus b fwd from 22/23	Forecasted 23/24 in year deficit	Forecasted balance as at 31st March 24
	£	£	£
All Saints' CE (VA) J & I School	117,191	-9,118	108,073
Ash Green Primary School	165,966	-111,903	54,063
Bailiffe Bridge J & I School	97,020	-28,319	68,701
Barkisland CE (VA) Primary School	115,125	-18,381	96,744
Carr Green Primary School	-69,816	2,864	-66,952
Castle Hill Primary School	79,895	-38,389	41,506
Central Street Infant & Nursery School	178,794	-65,041	113,753
Christ Church (Pellon) CE (VC) Primary School	-33,923	2,357	-31,566
Christ Church CE (VA) Junior School (Sowerby Bridge)	32,824	28,667	61,491
Cliffe Hill Community Primary School	54,313	-47,929	6,384
Colden J & I School	42,578	-20,686	21,892
Copley Primary School	273,831	-4,878	268,953
Cornholme J, I & N School	103,162	-4,210	98,952
Cross Lane Primary School	54,482	-17,860	36,622
Elland CE (VA) J, I & N School	282,126	-19,829	262,297
Ferney Lee Primary School	157,254	-51,115	106,139
Hebden Royd CE (VA) Primary School	96,110	-12,460	83,650
Heptonstall J, I & N School	24,634	-53,239	-28,605
Holywell Green Primary School	90,956	-14,114	76,842
Ling Bob J, I & N School	225,393	-127,908	97,485
Longroyde Primary School	19,309	35,113	54,422
Luddenden CE School	135,334	-105,613	29,721
Midgley School	167,235	-11,288	155,947
Moorside Community Primary School	151,734	-31,502	120,232
New Road Primary School	185,387	-22,455	162,932
Norland CE (VC) J & I School	118,520	-19,926	98,594
Northowram Primary School	141,201	-89,693	51,508
Old Town Primary School	58,738	-45,339	13,399
Parkinson Lane Community Primary School	742,541	-56,850	685,691
Ripponden J & I School	162,095	-11,045	151,050
Riverside Junior School	144,137	-33,163	110,974
Salterhebble J & I School	41,824	-29,542	12,282
Savile Park Primary School (excludes cluster funding of £163,683)	250,128	-283,871	-33,744
Shade Primary School	22,556	-915	21,641
Shelf J & I School	38,493	-20,677	17,816
St Andrew's CE (VA) Infant School (Brighouse)	45,922	-46,237	-315
St Andrew's CE (VA) Junior School (Brighouse)	173,739	-103,414	70,325
St Mary's CE (VC) J & I School (Sowerby Bridge)	84,535	980	85,515

St Michael & All Angels CE Primary School	70,392	-2,550	67,842
Stubbings Infant School	76,601	-38,761	37,840
Todmorden CE (VA) J & I School	297,842	-72,814	225,028
Triangle CE (VC) Primary School	100,591	-16,558	84,033
Tuel Lane Infant School	25,718	-910	24,808
Walsden St Peter's CE (VC) Primary School	176,615	-57,168	119,447
Warley Town School	65,302	-11,810	53,492
Withinfields Primary School	86,997	-4,863	82,134
Woodhouse Primary School	102,163	-38,584	63,579
<b>PRIMARY TOTAL</b>	<b>5,773,562</b>	<b>-1,730,946</b>	<b>4,042,616</b>

Calder Learning Trust	1,253,745	232,762	1,486,507
Todmorden High School	637,522	143,159	780,681
<b>SECONDARY TOTAL</b>	<b>1,891,267</b>	<b>375,921</b>	<b>2,267,188</b>

Highbury School	413,490	-104,625	308,865
Ravenscliffe High School	685,605	-20,270	665,335
Woodbank Primary School	1,223,426	-880,454	342,972
<b>SPECIAL TOTAL</b>	<b>2,322,522</b>	<b>-1,005,349</b>	<b>1,317,173</b>

<b>OVERALL TOTAL</b>	<b>9,987,351</b>	<b>-2,360,374</b>	<b>7,626,977</b>
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