



Schools Forum

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Venue: Microsoft TEAMS meeting

Paper

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Public

School Balances as at March 2023

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Summary

This report analyses the local authority maintained schools' balances as at 31 March 2023 and compares these with the previous year's position.

Recommendation

This report is for information only.

REPORT

Background

1. Shropshire maintained schools' surplus balances at the end of each financial year are carried forward and earmarked specifically for each individual school's use. Multi academy trusts will have their own arrangements for the treatment of individual academy balances.
2. Deficit balances of Shropshire maintained schools are also carried forward and set against the individual school's budget for the following year. Any maintained school planning a deficit budget is required to agree a licensed deficit arrangement with the local authority stipulating how and when the school will move out of a deficit position. Academies in a similar position will make arrangements with the Education and Skills Funding Agency (ESFA).

3. All such requirements for Shropshire maintained schools are contained within Shropshire's approved Scheme for the Financing of Schools (available on the Shropshire Council website at <https://shropshire.gov.uk/media/7107/scheme-for-the-financing-of-schools.pdf>). Whilst Shropshire's Scheme no longer includes a schools' balance control mechanism, maintained schools holding an excessive surplus balance will be required to provide a clear plan of how it will be used to benefit pupils.

Actual levels of maintained schools' balances as at 31 March 2023

4. The overall level of school balances held by maintained schools in Shropshire has increased over the last financial year by £745,592 (12%) to a total balance of £6,958,570.
5. A summary is given in the table below:

	March 2022 Number of Schools	Balance March 2022	March 2023 Number of Schools	Balance March 2023	Variance	
		£		£	£	%
Primary Schools						
In Deficit	3	-19,520	4	-155,791	-136,272	698%
In Surplus	80	6,309,930	79	7,106,60	796,680	13%
Net Total	83	6,290,410	83	6,950,818	660,408	10%
Secondary (inc All-Through) Schools						
In Deficit	1	-435,694	1	-409,935	25,759	-6%
In Surplus	0	0	0	0	0	0%
Net Total	1	-435,694	1	-409,935	25,579	-6%
Special Schools						
In Deficit	0	0	0	0	0	0%
In Surplus	1	358,263	1	417,687	59,424	17%
Net Total	1	358,263	1	417,687	59,424	17%
All Schools						
In Deficit	4	-455,214	5	-565,726	-110,512	24%
In Surplus	81	6,668,192	80	7,524,296	856,104	13%
Net Total	85	6,212,979	85	6,958,570	745,592	12%

6. During the financial year 2022-23 there were no academy conversions keeping the total number of Shropshire maintained schools at 85 at March 2023. Much Wenlock Primary School converted on April 1st 2023.

Maintained Schools Surplus Balances

7. Overall surplus balances have increased by £856,104 (13%) during the year, which is similar to the increase in the previous year. The increase in overall surplus balances in 2022-23 relates to the primary and special school sectors.
8. Primary school surplus balances increased by £796,680 (13%), there are no secondary school surplus balances and special school surplus balances increased by £59,424 (17%) over the year.

Maintained School Deficit Balances

9. Overall deficit balances have increased by £110,512 (24%). Deficit balances have increased in the primary sector and decreased in the secondary sector.
10. Primary school deficit balances increased by £136,272 (698%) over the 2022-23 financial year. The number of primary schools in deficit increased to four. Of the three schools in deficit at March 2022, two schools fully repaid their deficits in 2022-23 and one continues to be in deficit.
11. Of the four primary schools in deficit at March 2023, all but one moved into a deficit position during the year. Appropriate support and challenge are being taken with these schools to ensure the unlicensed deficit positions are fully addressed in 2023-24 and deficit recovery plans are put in place.
12. Secondary school deficit balances decreased overall by £25,759 (-6%) over the year. This relates to one secondary school with a historic deficit.
13. Financial monitoring meetings will be held between the local authority and the schools with year end deficit balances where appropriate. As and when necessary, headteachers, school business managers and chairs of governors/chairs of finance will be called in to meetings with the Principal Education Improvement Adviser to discuss the budget position at the school.
14. Maintained schools are now submitting three-year budget plans which are being discussed with the local authority and appropriate action taken if necessary.