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Maintained School Budget forecasts March 2027

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Summary

This report analyses the local authority maintained schools' budget forecasts for 31 March 2027.

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. 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).

All such requirements for Shropshire maintained schools are contained within Shropshire's approved Scheme for the Financing of Schools (available on the Shropshire Learning Gateway at https://www.shropshirelg.net/finance-funding-audit-and-insurance/statutory-and-regulatory-guidance/scheme-for-the-financing-of-schools/

3. 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.

4. All Maintained schools submitted their budget plans to the local authority during the summer term and before the statutory deadline of 30th June.

Maintained Schools Surplus Balances

1. Of the 54 maintained schools, 21 are forecasting a surplus of over 10% of their budget share and 23 are forecasting a surplus between 2 and 10% of their budget share. The DFE recommends up to 2% of income would be prudent for contingency reserve. However if a school is building up a substantial surplus there should be a clear plan for how it will be used to benefit pupils.

2. Appropriate support and challenge are being taken with the schools holding excessive surplus balances to ensure that future spending plans are put in place.

Maintained School Deficit Balances

3. Of the 54 maintained schools, 10 schools have less than 2% of income and 2 are forecasting a deficit.

4. Appropriate support and challenge are being taken with the deficit schools to ensure that they are licensed and supported with robust deficit recovery plans.

5. Financial monitoring meetings will be held between the local authority and the schools forecasting 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 Head of Education Quality and Safeguarding to discuss the budget position at the school.

Overall Position

The overall surplus balance for maintained schools between March 2026 (actual) and March 2027 (forecast) is a projected change from £3.5m to £3.7m.