

# Financial Position of Maintained Schools

**Report being considered by:** Schools Forum on 23<sup>rd</sup> January 2023

**Report Author:** Melanie Ellis

**Item for:** Information **By:** All members

## 1. Purpose of the Report

- 1.1 This report provides the findings from a survey of maintained schools, particularly focussing on the impact of the pay award.

## 2. Recommendation

- 2.1 That the report be noted.

<b>Will the recommendation require the matter to be referred to the Council or the Executive for final determination?</b>	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
---	-------------------------------	---

## 3. Introduction/Background

- 3.1 When budgeting schools were advised by schools accountancy to use 2.25% for support staff and to use the teachers' salaries suggested in the DfEs evidence to the School Teachers' Review Body (STRB). This has proved to be insufficient and has impacted schools balances.
- 3.2 A Council survey was sent out to determine the impact, and 67 of the 69 establishments had responded to the request for data by 09.12.22.

## 4. Survey results summary

- 4.1 67 of the 69 establishments responded.

<b>2022/23</b>							
<b>ALL SCHOOLS:</b>							
Primary, Nursery, Secondary, PRU and Special	Main School budget	PPG	PE	Other Resource Units	Total Revenue	Capital	Out of Hours Provision
Current Budgeted balance	£5,942,212	£252,068	£173,600	-£60,020	£6,307,860	£255,320	£181,110
P6/P7 Forecasted balance	£5,753,242	£223,307	£58,929	-£20,693	£6,014,784	£270,601	£126,215
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	-£188,970	-£28,761	-£114,671	£39,327	-£293,076	£15,281	-£54,895
Percentage reduction	3.3%	12.9%	194.6%	190.0%	4.9%	-5.6%	43.5%

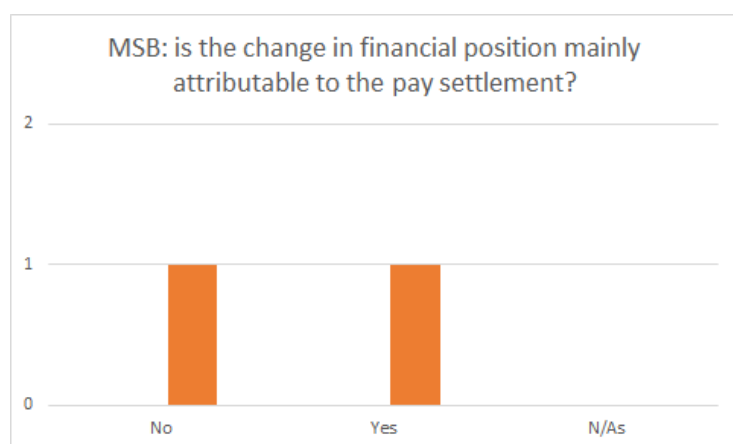
- 4.2 The table shows a £189k reduction on Main School Budget (MSB) balances, with a total reduction of £293k (4.9%) when other funds are added in. Capital as expected is not affected, but Out of Hours (OOH) provisions are forecast to reduce by £54k (43.5%).

## 5. Nurseries

### 5.1 Both nurseries responded.

2022/23 NURSERY ONLY PROVISION	Main School budget	PPG	PE	Other Resource Units	Total Revenue	Capital	Out of Hours Provision
Current Budgeted balance	£85,430	£0	£0	£190	<b>£85,620</b>	£120	£0
P6/P7 Forecasted balance	£64,222	£0	£0	£1,559	<b>£65,781</b>	£5,987	£0
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	<b>-£21,208</b>	£0	£0	£1,369	<b>-£19,839</b>	£5,867	£0
Percentage reduction	33%			-88%	<b>30%</b>	-98%	

### 5.2 Of the two nurseries, one is forecasting an £11k balance increase and the other a £32k balance reduction.



The balance increase is in Hungerford due to trying to increase the number of children in the provision and bringing in additional income.

Victoria Park is forecasting a reduced balance due to having to take on extra staff, salary increases, SEN top ups, business rates, energy costs and price increases.

This is being addressed by trying to control spending on other items, planning to replace staff at a cheaper level (if possible) and trying to increase pupil numbers (where possible).

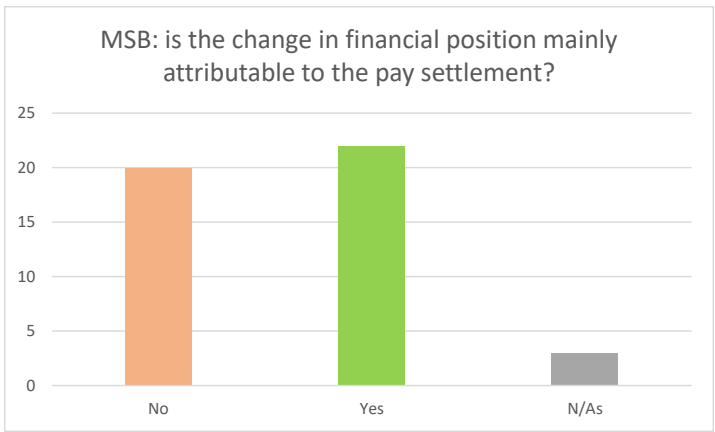
## 6. Primary schools

### 6.1 59 out of 61 schools responded.

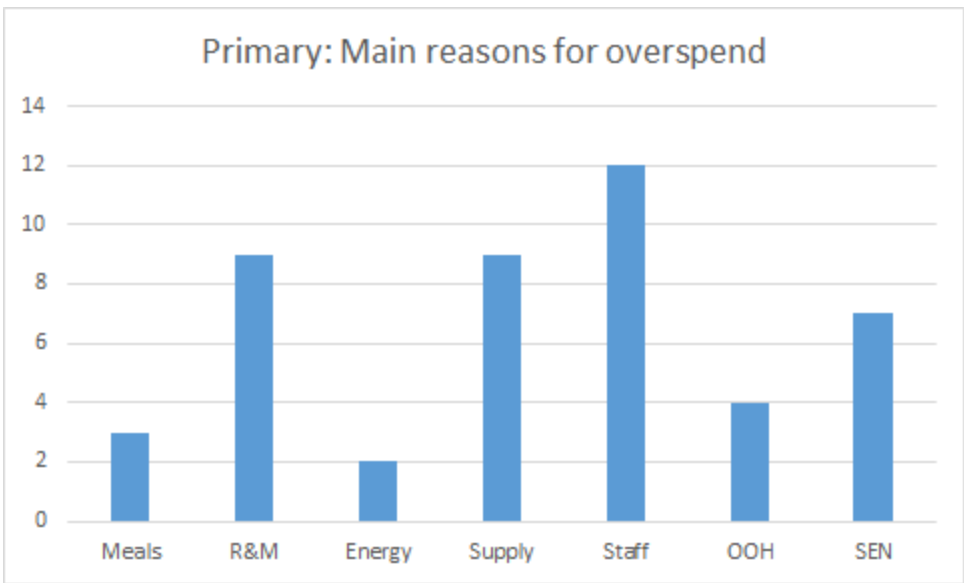
2022/23 PRIMARY SCHOOLS (including infant schools)	Main School budget	PPG	PE	Other Resource Units	Total Revenue	Capital	Out of Hours Provision
Current Budgeted balance	£2,125,326	£179,838	£161,580	<b>-£60,210</b>	<b>£2,406,534</b>	£198,090	£168,600
P6/P7 Forecasted balance	£1,042,218	£147,346	£49,010	<b>-£22,252</b>	<b>£1,216,321</b>	£189,433	£113,974
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	<b>-£1,083,108</b>	<b>-£32,492</b>	<b>-£112,570</b>	£37,958	<b>-£1,190,213</b>	<b>-£8,657</b>	<b>-£54,626</b>
Percentage reduction	104%	22%	230%	171%	<b>98%</b>	5%	48%

### 6.2 The overall MSB reduction is forecast to be over £1m for primary schools. As per the chart below, just over half the schools are attributing this to the pay settlement.

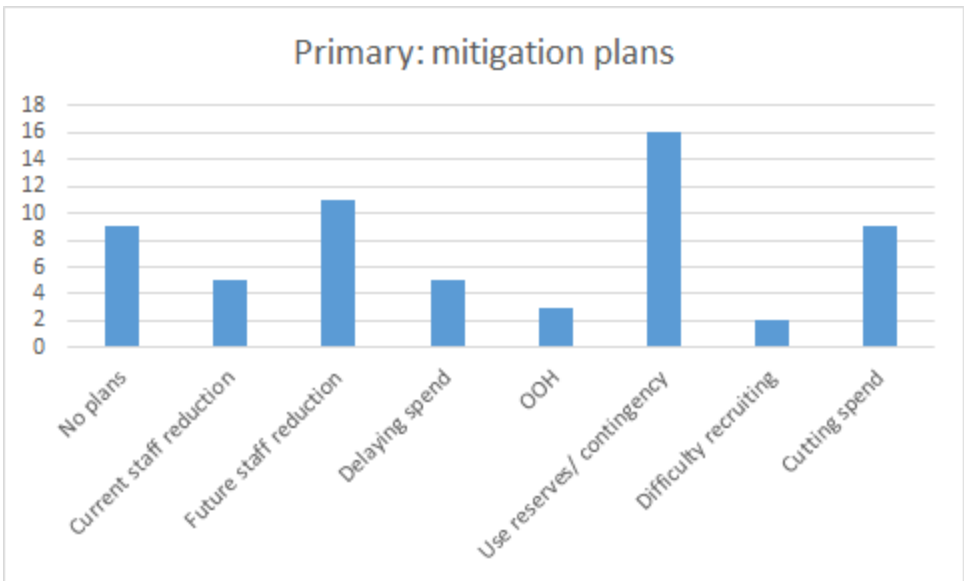
**Financial Position of Maintained Schools**



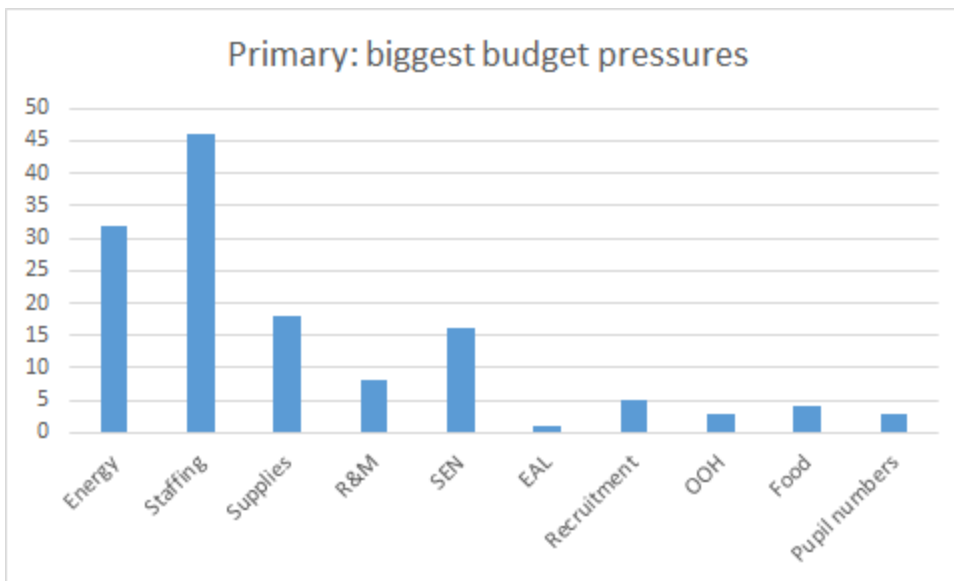
6.3 The main reasons for overspend are shown in the chart below, with the highest being on staff and supply.



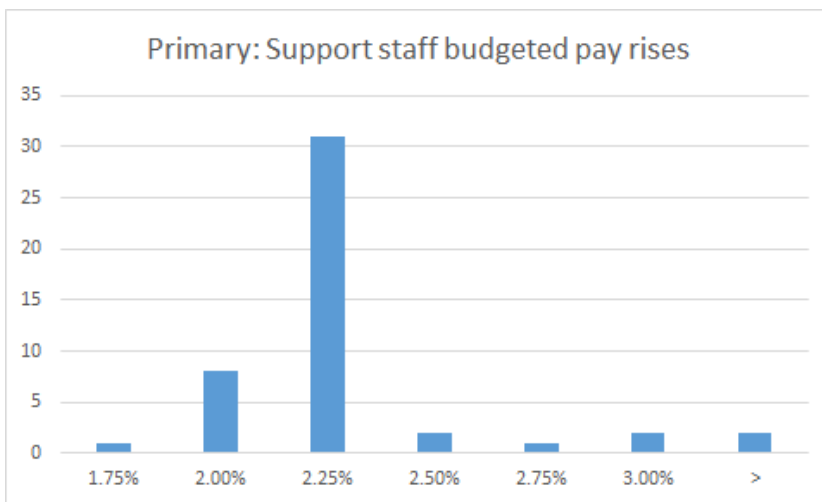
6.4 Mitigation plans largely focus on using reserves or contingency, followed by staff reductions in the future.



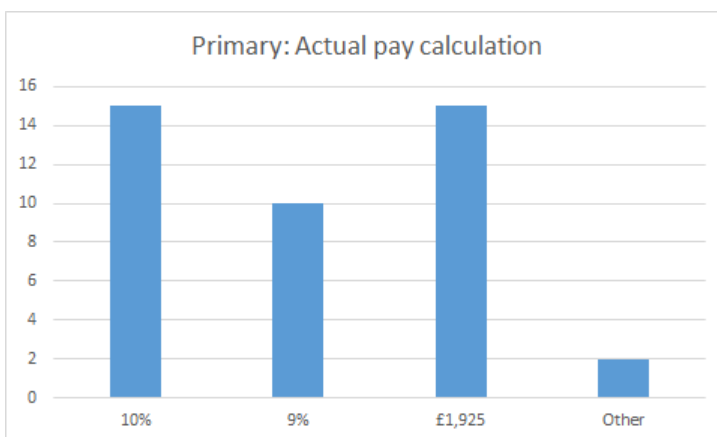
6.5 The biggest pressures in the chart below are staffing, energy and supplies, all inflation related.



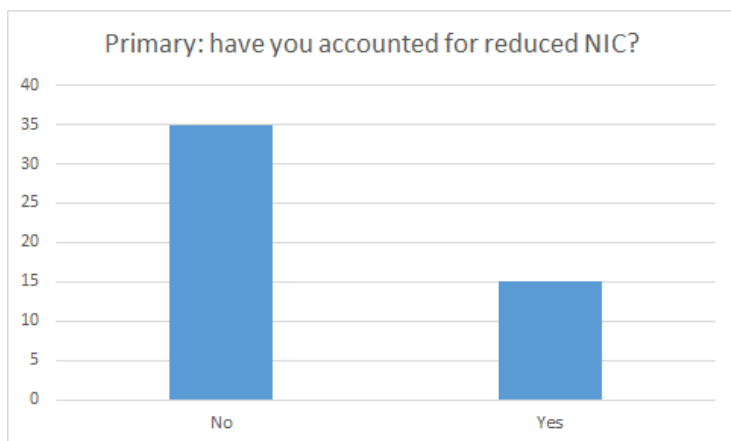
6.6 The majority of schools budgeted the pay rises at 2.25%



6.7 The actual pay award of £1925 or an equivalent of 9-10% has now been factored into school forecasts.



6.8 Most schools however, have not factored in the reduced NIC which will have a positive impact on the outturn.

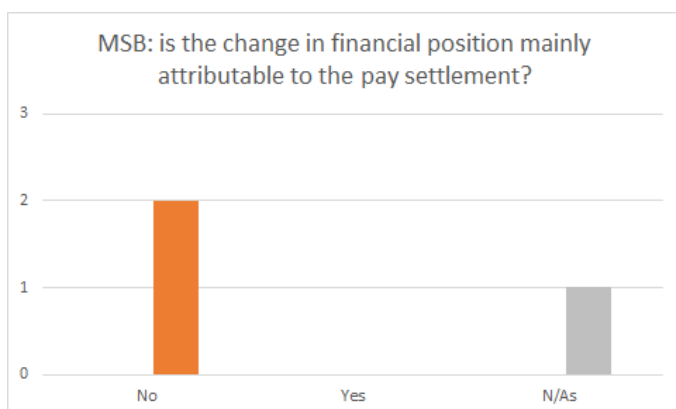


## 7. Secondary schools

7.1 All three maintained secondary schools responded.

<b>2022/23 SECONDARY SCHOOLS</b>	<b>Main School budget</b>	<b>PPG</b>	<b>PE</b>	<b>Other Resource Units</b>	<b>Total Revenue</b>	<b>Capital</b>	<b>Out of Hours Provision</b>
Current Budgeted balance	£1,672,816	£0	£0	£0	<b>£1,672,816</b>	£0	£0
P6/P7 Forecasted balance	£1,711,823	£0	£0	£0	<b>£1,711,823</b>	£18,090	£0
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	£39,007	£0	£0	£0	<b>£39,007</b>	£18,090	£0
Percentage reduction	-2%				<b>-2%</b>	-100%	

7.2 Secondary schools overall are forecasting a small increase in balances. The Downs and Willink are expecting an increase, but Little Heath is forecasting a decrease.



7.3 The main reasons given for the increased balances relate to teaching and support staff savings, additional income and recruitment difficulties.

7.4 Little Heath is forecasting a decreased balance due to pay rises, utilities, vehicle costs, food and recruitment costs.

7.5 Actions to mitigate losses include reviewing contracts, growing income, carrying vacancies and managing staff numbers.

## Financial Position of Maintained Schools

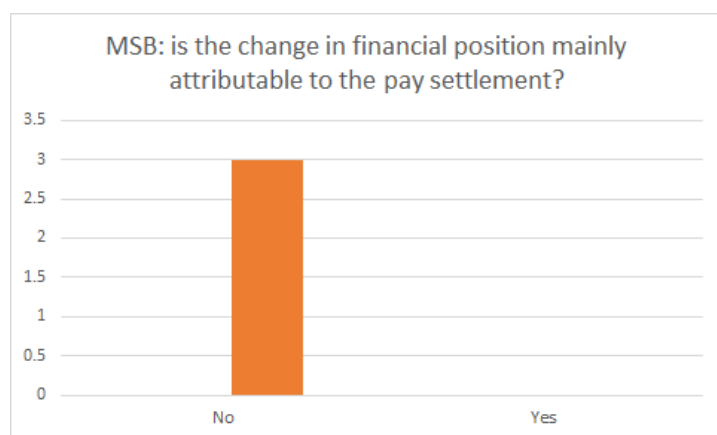
7.6 Pay rises were budgeted for two schools at 2.25% and one at 2.75%, and are now being forecast at 10% or £1925. Two out of three have already forecast the NIC reduction.

## 8. PRU and Special schools

8.1 All three schools responded.

<b>2022/23 PRU &amp; SPECIAL SCHOOLS</b>	<b>Main School budget</b>	<b>PPG</b>	<b>PE</b>	<b>Other Resource Units</b>	<b>Total Revenue</b>	<b>Capital</b>	<b>Out of Hours Provision</b>
Current Budgeted balance	£2,058,640	£72,230	£12,020	£0	<b>£2,142,890</b>	£57,110	£12,510
P6/P7 Forecasted balance	£2,934,979	£75,961	£9,919	£0	<b>£3,020,859</b>	£57,091	£12,241
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	£876,339	£3,731	<b>-£2,101</b>	£0	<b>£877,969</b>	<b>-£19</b>	<b>-£269</b>
Percentage increase	-30%				<b>-29%</b>	0%	

8.2 Balances are forecast to increase by 30%, or £876k for these three schools. I-college is forecasting a reduction of £50k, Brookfields an increase of £400k and Castle an increase of £518k.



iCollege is seeing pressures from utility costs, staff pay award and recruitment costs. The iCollege has a number of unfilled vacancies. Some posts have been recruited at a lower pay rate, reduced hours etc, some posts took longer to recruit than anticipated so staff costs were less for those posts.

Brookfields has been unable to recruit to 2 teacher vacancies and around 10 teaching assistant vacancies so are currently tracking under budget. This will absorb the additional payrise costs in the short term but will create additional pressures when these posts are recruited, and set the school over planned expenditure. They also no longer have been able to have in post a range of other posts. They have reduced their curriculum offer and haven't been able to use off-site activities or transport pupils with their own driver. They can no longer afford an Outdoor Learning Specialist Teacher and Assistant and have also slashed their CPD budget dramatically.

Castle has an underspend on staffing as they have lost a number due to pay and have a lag from when they leave to new person starting of about 3 months. In addition they are covering fewer absences.

## 9. Deficit schools (all primary)

9.1 Of the five deficits licenced in 2022/23 (one federation of two schools so a total of six schools), three had replied as at 06.12.22 to say they expect to end the year with higher than licenced deficit. One (the federation) expects to end the year with a larger than budgeted surplus and the final school has not submitted actual figures, so not included below, but expects to end the year with a small deficit having previously budgeted to end the year with a surplus.

<b>2022/23 LICENCED DEFICIT SCHOOLS</b>	<b>Main School budget</b>	<b>PPG</b>	<b>PE</b>	<b>Other Resource Units</b>	<b>Total Revenue</b>	<b>Capital</b>	<b>Out of Hours Provision</b>
Current Budgeted balance	-£152,770	£3,290	£5,200	£0	-£144,280	£730	£11,490
P6/P7 Forecasted balance	-£292,193	£2,038	£827	£0	-£289,329	£1,278	£8,882
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	-£139,423	-£1,252	-£4,373	£0	-£145,049	£548	-£2,608
Percentage reduction	-47.7%	61.5%	529.1%		-50.1%	-42.9%	29.4%

9.2 Overall, there is an increase in the forecast deficit of £139k or 47.7% on the MSB.

9.3 As at 06.12.22 five of the remaining 42 primary schools (excludes those with licenced deficits that had responded) that had responded forecast that they would end the year with an unlicenced deficit amounting to £231k on MSB.

<b>2022/23 UNLICENCED DEFICIT SCHOOLS</b>	<b>Main School budget</b>	<b>PPG</b>	<b>PE</b>	<b>Other Resource Units</b>	<b>Total Revenue</b>	<b>Capital</b>	<b>Out of Hours Provision</b>
Current Budgeted balance	£39,250	£4,218	£8,250	-£3,290	£48,428	£13,550	£15,360
P6/P7 Forecasted balance	-£192,022	£2,360	£4,115	£1,941	-£183,606	£2,592	£11,389
<b>Variance</b> (a reduction in surplus or increase in deficit will be shown as a negative)	-£231,272	-£1,858	-£4,135	£5,231	-£232,034	-£10,958	-£3,971
Percentage reduction	-120.4%	78.7%	100.5%		-126.4%	422.8%	34.9%

9.4 As a result we could be looking at a total of ten deficit schools by year end.

## 10. Options for Consideration

None

## 11. Proposals

To note.

## 12. Conclusion

12.1 Financial performance will continue to be monitored, and these forecasts will be compared to year end outturn positions. The funding settlement increases for 23-24 will hopefully help to mitigate some of the inflationary pressures.

## 13. Consultation and Engagement

All maintained Schools.

## 14. Appendices

None