
Deficit Schools

Report being considered by: Schools Forum on 4th December 2023

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Item for: Information **By:** All Maintained Schools Representative

1. Purpose of the Report

1.1 This report provides details of the nine schools which were requested to submit license deficit applications for 2023/24.

2. Recommendation

2.1 That the report be noted.

3. Introduction/Background

3.1 Schools are permitted to set a deficit budget if they meet certain conditions. This is termed a licensed deficit. The conditions of a licensed deficit are set out in the Scheme for Financing Schools (the legal contract the Council has with schools) and include the following statement, "The recommended length over which schools may repay the deficit, i.e. reach at least a zero balance, with appropriate mechanism to ensure that the deficit is not simply extended indefinitely, is three years. The maximum length of repayment is five years."

3.2 If the conditions are not met by the school, the Council has the power to issue a Notice of Concern, which ultimately could mean removal of a school's delegation.

3.3 The Council has adopted a strategy aimed to minimise the number and size of deficits. It is in two parts:

- (1) Procedures to support schools to reduce/eliminate or avoid a deficit.
- (2) Intervention for schools not meeting their deficit recovery plan.

3.4 Approval of a licensed deficit requires the school to do the following:

- (1) Submit monthly budget monitoring and forecasting reports (Month 3 and then Month 6 to Month 11 inclusive) and other information as detailed in Appendix A.
- (2) Submit a copy of draft and final governor meeting minutes (including Part 2) where the budget is discussed.
- (3) Attend meetings with the local authority when requested to address any budget concerns.
- (4) Submit deficit recovery progress reports when requested.

Deficit Schools

- (5) Submit a five-year detailed deficit recovery plan.
- (6) Take part in any review the authority commissions on the school's budget deficit position and recovery plan, including a Schools Resource Management Advisor deployment.
- (7) Take part in the introduction and use of any additional analysis and data tools deemed appropriate.

3.5 The council's Schools Finance team includes a dedicated resource to work with the schools that are operating in a deficit and to offer support to those who are likely to enter a deficit position.

4. Supporting Information

4.1 Nine schools submitted a WBC Deficit Budget License Application for the financial year 2023/24. These schools ended the financial year 2022/23 as follows:

- Four ended 2022/23 with an unlicensed deficit,
- Two ended 2022/23 with a deficit that exceeded their licensed deficit,
- Three ended 2022/23 with a surplus but have set a deficit budget for 2023/24.

4.2 Historic information for the nine schools is shown in Table 1:

Table 1

School	2020/21		2021/22		2022/23	
	Budget	Actual	Budget	Actual	Budget	Actual
Beenham Primary School	£110	(£363)	£1,170	£20,936	£310	(£31,015)
Brimpton Primary School	£1,070	£21,845	£32,850	£11,308	£1,590	(£30,834)
Kennet Valley Primary School	£25,780	£48,726	£48,870	£82,901	£51,500	£50,592
Long Lane Primary School*	£13,070	£13,849	£25,580	£10,279	£10,800	(£76,173)
Pangbourne Primary School	£4,760	£15,341	£0	£3,804	£740	£520
Spurcroft Primary School*	£13,470	(£40,624)	(£29,670)	(£79,302)	(£70,310)	(£138,281)
St Finian's Catholic Primary School*	(£34,310)	(£20,657)	£4,820	£0	£6,800	(£33,935)
St John and St Nicolas Schools Federation*	£5,060	£66,111	£78,760	£74,283	£22,240	£11,214
St Joseph's Catholic Primary School	£270	£11,678	£540	(£7,173)	(£63,710)	(£85,585)
TOTAL	£29,280	£115,906	£162,920	£117,036	(£40,040)	(£333,497)

Figures in red parentheses indicate a deficit.

4.3 Following a detailed review of each of the license deficit applications eight of the nine deficits have been licensed. The eight schools have been informed. The total value of the eight licensed deficits is £455,009 (Table 2 below). The ninth school, St Joseph's, has been asked to provide missing data before a license can be approved.

Table 2

Deficit Schools

School Main School Budget	License Deficit Application 2023/24 Budget Closing Balance				
	2023/24	2024/25	2025/26	2026/27	2027/28
Beenham Primary School	(£3,100)	£348	(£5,149)	£42,185	£50,667
Brimpton Primary School	(£19,633)	£15,614	£39,342	£48,597	£54,963
Kennet Valley Primary School	(£5,615)	(£9,123)	£23,496	£84,204	£58,991
Long Lane Primary School	(£23,900)	£18,992	£54,297	£75,777	£98,799
Pangbourne Primary School	(£47,736)	(£31,651)	£18,257	£83,449	£184,504
Spurcroft Primary School	(£187,280)	(£88,979)	£11,480	£143,236	£305,081
St Finian's Catholic Primary School	(£85,968)	(£65,786)	(£22,957)	£5,687	£24,046
St John and St Nicolas Schools Federation	(£81,777)	(£94,022)	(£43,242)	(£10,187)	£15,579
St Joseph's Catholic Primary School					
TOTAL	(£455,009)	(£254,607)	£75,524	£472,948	£792,630

Figures in red parentheses indicate a deficit.

4.4 As is normal practise, the nine schools have been asked to submit additional reporting to WBC Schools Accountancy for review. (See Appendix A for submission deadline table).

5. Proposals

5.1 To note

6. Conclusion

6.1 The total school deficits over the last three years are shown in Table 3.

Table 3

All Schools Main School Budget	Actual		
	2020/21	2021/22	2022/23
Total Deficit	(£78,088)	(£171,692)	(£424,542)
Number of schools in deficit	5	6	8
Average deficit	(£15,618)	(£28,615)	(£53,068)

Figures in red brackets indicate a deficit.

6.2 School balances continue to be impacted by Covid -19, this is most noticeable where some schools previously relied on income generated by Out of Hours Club schools to balance their budgets, demand has failed to return to pre covid levels and schools continue to try to recover from this during 2023/24.

6.3 In addition to inflationary and other increases to costs, unplanned falling pupil numbers and a reported growing number of children presenting with additional needs are creating increasing budgetary pressure in schools.

7. Appendices

7.1 Appendix A – Submission Timetable for 2023/24

Deficit Schools

SUBMISSION TIMETABLE DEFICT SCHOOLS 2023/24								
Period covered by Agresso Report	Budget Monitoring (All fund codes)	Forecast (All fund codes)	Agresso FMS Reconciliation (All fund codes)	Bank Statement, FMS Reconciliation & Historical Unreconciled Bank Transactions reports	Salary Projection - Name as below <u>To be produced before commitment cleared</u> Please provide reasons for any variation over £1 N.B. not required if a federated budget	Salary Projection - Full Year Breakdown Screen print as below after commitment has been cleared N.B. not required if a federated budget	FMS Outstanding Purchase Order report Please explain why any order over <u>2</u> months old has not been cleared	Submission Deadline (midnight)
Period 3 / June	Yes	No	Yes	Yes	Yes	Yes	Yes	20/07/2023
Period 6 / September	Yes	Yes	Yes	Yes	Yes	Yes	Yes	13/10/2023
Period 7 / October	Yes	Yes	Yes	Yes	Yes	Yes	No	14/11/2023
Period 8 / November	Yes	Yes	Yes	Yes	Yes	Yes	No	14/12/2023
Period 9 / December	Yes	Yes	Yes	Yes	Yes	Yes	Yes	19/01/2024
Period 10 / January	Yes	Yes	Yes	Yes	Yes	Yes	No	21/02/2024
Period 11 / February	Yes	Yes	Yes	Yes	Yes	Yes	No	14/03/2024