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# Deficit Schools

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**Report being considered by:** Schools Forum on 11<sup>th</sup> March 2024

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

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## 1. Purpose of the Report

This report provides details of the most recent financial forecasts received from each of the nine schools with licensed deficit and the two schools that have informed West Berkshire Council they now expect to end the 2023/24 financial year with an unlicensed deficit balance.

## 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 of the license 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 During the financial year some schools enter an unplanned financial deficit due to circumstances beyond the school’s control. For example higher than budgeted inflationary pay increases, power costs etc., poor Ofsted outcomes that result in unplanned spend. Any school doing so is requested to abide by the conditions of the deficit.

## 4. Forecast year end position as at 31<sup>st</sup> December 2023 (period nine)

4.1 Nine schools submitted a WBC Deficit Budget License Application for the financial year 2023/24, all nine were granted a license.

4.2 Historic information and the planned recovery for the nine schools is shown below:

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School - Licensed deficit	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Main School Budget (*includes PPG)	Actual	Actual	Actual	Recovery	Recovery	Recovery	Recovery	Recovery
	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)
Beenham Primary School	(£363)	£20,936	(£31,015)	(£3,100)	£348	(£5,149)	£42,185	£50,667
Brimpton Primary School	£21,845	£11,308	(£30,834)	(£19,633)	£15,614	£39,342	£48,597	£54,963
Kennet Valley Primary School	£48,726	£82,901	£50,592	(£5,615)	(£9,123)	£23,496	£84,204	£58,991
Long Lane Primary School *	£13,849	£10,279	(£76,173)	(£23,900)	£18,992	£54,297	£75,777	£98,799
Pangbourne Primary School	£15,341	£3,804	£520	(£47,736)	(£31,651)	£18,257	£83,449	£184,504
Spurcroft Primary School*	(£40,624)	(£79,302)	(£138,281)	(£187,280)	(£88,979)	£11,480	£143,236	£305,081
St Finians Primary School*	(£20,657)	£0	(£33,935)	(£85,968)	(£65,786)	(£22,957)	£5,687	£24,046
St John & St Nicolas Federation*	£66,111	£74,283	£11,214	(£81,777)	(£94,022)	(£43,242)	(£10,187)	£15,579
St Josephs Primary School	£11,678	(£7,173)	(£85,585)	(£69,517)	(£21,648)	£11,684	£28,700	£40,175
<b>TOTAL Surplus/(Deficit)</b>	<b>£115,905</b>	<b>£117,036</b>	<b>(£333,496)</b>	<b>(£524,526)</b>	<b>(£276,255)</b>	<b>£87,208</b>	<b>£501,648</b>	<b>£832,805</b>

4.3 The latest forecast information is shown in the table below.

*Note: The licence is granted for the deficit on the Main School Budget (MSB) but, for the purposes of completeness, the tables below show the balances on the Pupil Premium Grant (PPG) and the Out of Hours Club (OoHC) in addition to the MSB. At the yearend any deficit on PPG and OoHC is transferred to the MSB so increasing the deficit (final column in tables 1a and 1b below). No school is forecasting a deficit on their PPG but three are forecasting deficits on their OoHC.*

Table 1a

School- Licensed deficit	Main School Budget (MSB)			Pupil Premium Grant (PPG)			Out of Hours Club (OoHC)			Forecast Deficit on MSB as at P8/P9 after deficits trfd from PPG or OoHC at year end
	2023/24 Budget	2023/24 P8 / P9 Forecast	Variance	2023/24 Budget	2023/24 P9 Y/E Forecast	Variance	2023/24 Budget	2023/24 P9 Y/E Forecast	Variance	
	A	B	B-A=C	D	E	E-D=F	G	H	H-G=I	
Beenham Primary School	(£3,090)	(£18,888)	(£15,798)	£140	£1,826	£1,686	£100	£0	(£100)	(£18,888)
Brimpton Primary School	(£19,650)	(£6,796)	£12,854	£2,900	£193	(£2,707)	£4,970	£7,136	£2,166	(£6,796)
Kennet Valley Primary School	(£5,600)	(£28,614)	(£23,014)	£7,600	£17,400	£9,800	£1,540	(£5,216)	(£6,756)	(£33,830)
Long Lane Primary School *	(£23,900)	(£26,745)	(£2,845)							(£26,745)
Pangbourne Primary School	(£47,760)	(£78,188)	(£30,428)	£0	£3	£3				(£78,188)
Spurcroft Primary School	(£187,330)	(£200,394)	(£13,064)				£0	(£9,937)	(£9,937)	(£210,331)
St Finians Primary School	(£85,990)	(£87,846)	(£1,856)				£3,220	£5,646	£2,426	(£87,846)
St John & St Nicolas Federation	(£81,710)	(£88,546)	(£6,836)	£6,420	£454	(£5,966)	£4,190	(£5,528)	(£9,718)	(£94,074)
St Josephs Primary School	(£83,750)	(£134,882)	(£51,132)	£410	£484	£74	£0	£0	£0	(£134,882)
<b>TOTAL Surplus/(Deficit)</b>	<b>(£538,780)</b>	<b>(£670,899)</b>	<b>(£132,119)</b>	<b>£17,470</b>	<b>£20,360</b>	<b>£2,890</b>	<b>£14,020</b>	<b>(£7,899)</b>	<b>(£21,919)</b>	<b>(£691,580)</b>

N.B Year end deficits on Pupil Premium Grant and Out of Hours Clubs are automatically transferred to the main school budget at year end

\* P8 forecast used due to unplanned absence of staff

Figures in red parenthesis indicate a deficit balance.

4.4 One of the nine schools now forecasts a smaller deficit at the end of the year than licensed, the remaining eight expect to exceed their licence deficit figure, with the total increased deficit totalling £132k. One of the nine was unable to submit a forecast at the end of period nine, so the period eight figure (as of 30<sup>th</sup> November 2023) was used to populate table 1a.

4.1 Each of the schools in table 1a were asked to provide a deficit recovery progress statement to the Heads Funding Group to include whether the school's current forecast for 2023/24 is in line with the budget set and the reasons and value of significant variances.

4.2 During the financial year an additional two schools have reported they expect to end 2023/24 with an unlicensed deficit balance (table 1b).

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Table 1b

School - Unplanned deficit	Main School Budget (MSB)			Pupil Premium Grant (PPG)			Out of Hours Club (OoHC)			Forecast Deficit on MSB as at P8/P9 after deficits trfd from PPG or OoHC at year end
	2023/24 Budget	2023/24 P9/P10 Y/E Forecast	Variance	2023/24 Budget	2023/24 P9/P10 Y/E Forecast	Variance	2023/24 Budget	2023/24 P9/P10 Y/E Forecast	Variance	
	A	B	B-A=C	D	E	E-D=F	G	H	H-G=I	
Hermitage Primary School	£14,070	(£25,917)	(£39,987)	£4,250	£256	(£3,994)	£480	£85	(£395)	(£25,576)
Theale Primary School	£0	(£65,333)	(£65,333)				£0	£3,145	£3,145	(£65,333)
<b>TOTAL Surplus/(Deficit)</b>	<b>£14,070</b>	<b>(£91,250)</b>	<b>(£105,320)</b>	<b>£4,250</b>	<b>£256</b>	<b>(£3,994)</b>	<b>£480</b>	<b>£3,230</b>	<b>£2,750</b>	<b>(£90,909)</b>

N.B Year end deficits on Pupil Premium Grant and Out of Hours Clubs are automatically transferred to the main school budget at year end

Figures in red parenthesis indicate a deficit balance.

## 6. Conclusion

6.1 The total school deficits over the last three years are shown in Table 2 below.

All Schools	Actual			Forecast
	2020/21	2021/22	2022/23	2023/24
<b>Main School Budget</b>				
Total deficit	(£78,088)	(£171,692)	(£424,542)	(£779,344)
Number of schools in deficit	5	6	8	11
Average deficit	(£15,618)	(£28,615)	(£53,068)	(£70,849)

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.