
Schools: Deficit Recovery

Report being considered by: Schools Forum on 15th July 2024

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

1. Purpose of the Report

- 1.1 To report on the outturn position of the nine schools (Beenham, Brimpton, Kennet Valley, Long Lane, Pangbourne, Spurcroft, St Finians, St John & St Nicolas Federation and St Josephs) that set a deficit budget in 2023/24.
- 1.2 To report on four schools (Enborne, Hermitage, Theale and Woolhampton) closing 2023/24 with an unlicensed deficit.

2. Recommendation

- 2.1 That the report be noted.

3. Introduction

- 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 This report provides details of nine schools which set a deficit budget for 2023/24. There are an additional four schools that ended 2023/24 with unlicensed deficits.
- 3.4 Nine schools set a licensed deficit budget for 2023/24 totalling £455k deficit.

4. West Berkshire Strategy for Schools in Deficit

- 4.1 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.
- 4.2 Approval of a licensed deficit requires the school to do the following:
 - (1) Submit monthly budget monitoring reports (M3 and then M6 to M11 inclusive), and supporting documents.

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- (2) Submit a copy of draft and final governor meeting minutes (including Part 2) where the budget is discussed.
- (3) To attend meetings with the local authority when requested to address any budget concerns
- (4) Submit deficit recovery progress reports when requested.
- (5) Submit five year detailed deficit recovery plan.
- (6) Take part in:
 - a) any review the Local Authority commissions on the school's budget deficit position and recovery plan, including a Schools Resource Management Advisor deployment and,
 - b) the introduction and use of any additional analysis and data tools deemed appropriate including Integrated curriculum and financial planning (ICFP).

4.3 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.

5. 2023/24 Outturn Position - Licensed Deficit Schools

5.1 Nine schools had a Main School Budget (MSB) licensed deficit in 2023/24, totalling £546k deficit. The final outturn position for these schools was a closing position of £620k deficit. A summary is shown below:

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24 Surplus / (Deficit)	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
	1	2	3	3-1	3-2
1 Beenham Primary School	(£3,090)	(£18,890)	(£9,894)	(£6,804)	£8,996
2 Brimpton Primary School	(£19,650)	(£6,800)	(£14,162)	£5,488	(£7,362)
3 Kennet Valley Primary School	(£29,670)	£28,610	£3,875	£33,545	(£24,735)
4 Long Lane Primary School	(£48,390)	(£48,390)	(£29,745)	£18,645	£18,645
5 Pangbourne Primary School	(£47,760)	(£78,190)	(£77,778)	(£30,018)	£412
6 Spurcroft Primary School	(£187,330)	(£200,400)	(£199,639)	(£12,309)	£761
7 St Finian's Primary School	(£85,990)	(£87,120)	(£87,161)	(£1,171)	(£41)
8 St John Infant & St Nicolas Junior Federation	(£54,550)	(£88,550)	(£47,172)	£7,378	£41,378
9 St Joseph's Primary School	(£69,500)	(£134,890)	(£158,621)	(£89,121)	(£23,731)
Total	(£545,930)	(£634,620)	(£620,297)	(£74,367)	£14,323

5.2 The combined position at year end is £74.4k worse than budget. One school ended the year with a surplus rather than a deficit; a difference of £33.5k. Three schools ended the year with a lower deficit than budgeted, a reduction of £31.5k. The remaining five schools ended the year with deficits £139.4k higher than planned.

(1) Beenham

Balance at end of financial year	Main School Budget	
2016/17	(£34,357)	Deficit
2017/18	(£64,783)	Deficit
2018/19	(£40,676)	Deficit
2019/20	(£33,847)	Deficit
2020/21	(£363)	Deficit
2021/22	£20,936	Surplus
2022/23	(£31,015)	Deficit
2023/24	(£9,894)	Deficit

The final outturn position was a £9.9k deficit, which is £6.8k higher than the original budgeted deficit of £3.1k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Beenham Primary School	(£3,090)	(£18,890)	(£9,894)	(£6,804)	£8,996

(2) Brimpton

Balance at end of financial year	Main School Budget	
2019/20	£15,396	Surplus
2020/21	£21,845	Surplus
2021/22	£11,308	Surplus
2022/23	(£30,834)	Deficit
2023/24	(£14,162)	Deficit

The final outturn position was a £14.2k deficit, which is £5.5k better than the original budgeted deficit of £19.7k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Brimpton Primary School	(£19,650)	(£6,800)	(£14,162)	£5,488	(£7,362)

(3) Kennet Valley

Balance at end of financial year	Main School Budget	
2019/20	£25,522	Surplus
2020/21	£48,726	Surplus
2021/22	£82,901	Surplus
2022/23	£50,592	Surplus
2023/24	£3,875	Surplus

The final outturn position was a £3.9k surplus, which is £33.5k better than the original budgeted deficit of £29.7k deficit.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Kennet Valley Primary School	(£29,670)	£28,610	£3,875	£33,545	(£24,735)

(4) Long Lane

Balance at end of financial year	Main School Budget	
2019/20	£26,597	Surplus
2020/21	£13,849	Surplus
2021/22	£10,279	Surplus
2022/23	(£76,173)	Deficit
2023/24	(£29,745)	Deficit

The final outturn position was a £29.7k deficit, which is £18.6k better than the original budgeted deficit of £48.4k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Long Lane Primary School	(£48,390)	(£48,390)	(£29,745)	£18,645	£18,645

(5) Pangbourne

Balance at end of financial year	Main School Budget	
	2019/20	£19,379
2020/21	£15,341	Surplus
2021/22	£3,804	Surplus
2022/23	£520	Surplus
2023/24	(£77,778)	Deficit

The final outturn position was a £77.8k deficit, which is £30k higher than the original budgeted deficit of £47.8k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Pangbourne Primary School	(£47,760)	(£78,190)	(£77,778)	(£30,018)	£412

(6) Spurcroft

Balance at end of financial year	Main School Budget	
	2016/17	(£7,842)
2017/18	£52,785	Surplus
2018/19	£211,676	Surplus
2019/20	£103,681	Surplus
2020/21	(£40,624)	Deficit
2021/22	(£79,302)	Deficit
2022/23	(£138,281)	Deficit
2023/24	(£199,639)	Deficit

The final outturn position was a £199.6k deficit, which is £12.3k higher than the original budgeted deficit of £187.3k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Spurcroft Primary School	(£187,330)	(£200,400)	(£199,639)	(£12,309)	£761

(7) St Finians

Balance at end of financial year	Main School Budget	
2016/17	(£7,714)	Deficit
2017/18	(£31,909)	Deficit
2018/19	(£56,722)	Deficit
2019/20	(£40,599)	Deficit
2020/21	(£20,657)	Deficit
2021/22	£0	-
2022/23	(£33,935)	Deficit
2023/24	(£87,161)	Deficit

The final outturn position was a £87.2k deficit, which is £1.2k higher than the original budgeted deficit of £86k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24 Surplus / (Deficit)	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
	1	2	3	3-1	3-2
St Finian's Primary School	(£85,990)	(£87,120)	(£87,161)	(£1,171)	(£41)

(8) St John & St Nicolas

Balance at end of financial year	Main School Budget	
2019/20	£46,312	Surplus
2020/21	£66,111	Surplus
2021/22	£74,283	Surplus
2022/23	£11,214	Surplus
2023/24	(£47,172)	Deficit

The final outturn position was a £47.2k deficit, which is £7.4k better than the original budgeted deficit of £54.6k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24 Surplus / (Deficit)	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
	1	2	3	3-1	3-2
St John Infant & St Nicolas Junior Federation	(£54,550)	(£88,550)	(£47,172)	£7,378	£41,378

(9) St Josephs

Balance at end of financial year	Main School Budget	
2019/20	£7,606	Surplus
2020/21	£11,678	Surplus
2021/22	(£7,173)	Deficit
2022/23	(£85,585)	Deficit
2023/24	(£158,621)	Deficit

The final outturn position was a £158.6k deficit, which is £89.1k higher than the original budgeted deficit of £69.5k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS IN 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
St Joseph's Primary School	(£69,500)	(£134,890)	(£158,621)	(£89,121)	(£23,731)

6. Schools ending 2023/24 with unplanned deficits

6.1 Four schools ended the financial year 2023/24 with an unlicensed deficit.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
10 Enborne Primary School	£5,330	£3,130	(£32,598)	(£37,928)	(£35,728)
11 Hermitage Primary School	£14,070	(£25,920)	(£13,311)	(£27,381)	£12,609
12 Theale Primary School	£0	(£65,330)	(£39,994)	(£39,994)	£25,336
13 Woolhampton Primary School	£18,540	£2,220	(£133)	(£18,673)	(£2,353)
Total	£37,940	(£85,900)	(£86,036)	(£123,976)	(£136)

(10) Enborne

Balance at end of financial year	Main School Budget	
2019/20	£2,446	Surplus
2020/21	£15,184	Surplus
2021/22	£3,574	Surplus
2022/23	£0	Balanced
2023/24	(£32,598)	Deficit

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The final outturn position was a £32.6k deficit, which is £37.9k worse than the budgeted surplus of £5.3k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Enborne Primary School	£5,330	£3,130	(£32,598)	(£37,928)	(£35,728)

Action by Local Authority: None required

(11) Hermitage

Balance at end of financial year	Main School Budget	
2019/20	£26,971	Surplus
2020/21	£19,019	Surplus
2021/22	(£7,151)	Deficit
2022/23	£1,911	Surplus
2023/24	(£13,311)	Deficit

The final outturn position was a £13.3k deficit, which is £27.4k worse than the budgeted surplus of £14.1k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Hermitage Primary School	£14,070	(£25,920)	(£13,311)	(£27,381)	£12,609

Action by Local Authority: Licence application required for 2024/25 as deficit budget set.

(12) Theale

Balance at end of financial year	Main School Budget	
2019/20	£5,747	Surplus
2020/21	£38,018	Surplus
2021/22	£37,384	Surplus
2022/23	£8,626	Surplus
2023/24	(£39,994)	Deficit

The final outturn position was a £40k deficit, which is £40k worse than the budgeted nil balance.

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SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Theale Primary School	£0	(£65,330)	(£39,994)	(£39,994)	£25,336

Action by Local Authority: None as deficit to be recovered during 2024/25

(13) Woolhampton

Balance at end of financial year	Main School Budget	
2019/20	£1,588	Surplus
2020/21	£13,505	Surplus
2021/22	£23,094	Surplus
2022/23	£9,782	Surplus
2023/24	(£133)	Deficit

The final outturn position was a £76.1k deficit, which is £86.1k worse than the budgeted surplus of £9.9k.

SCHOOLS/FEDERATIONS WITH LICENSED DEFICITS 2023/24	Budget (Main School Budget)	P9 Forecast	Closing balance	Variance Original MSB to Closing Balance	Variance P9 Forecast to P13 Closing Balance
Surplus / (Deficit)	1	2	3	3-1	3-2
Woolhampton Primary School	£18,540	£2,220	(£133)	(£18,673)	(£2,353)

School's statement on Financial Year 2023/24 was not requested as the deficit is negligible.

Action by Local Authority: Deficit budget set for 2024/25 so licence application required.

7. Consultation and Engagement

7.1 Schools included in the report have been consulted.