

York Schools Forum

9 November 2022

Report of the Head of Finance for Children & Education

MAINTAINED SCHOOL START BUDGETS 2022/23

Purpose of Report

- 1 This report provides members of the Schools Forum with a summary of the formal revenue start budgets submitted by local authority (LA) maintained schools for 2022/23, and their associated three year financial plans. The report identifies those schools requesting a licensed deficit budget for 2022/23 and gives a brief analysis of the financial plans.

Background

- 2 The LA has a statutory role in assessing the budget plans of its maintained schools under the Local Management of Schools (LMS) Scheme. In particular, any school that feels that it needs to plan for a cumulative year end deficit budget can only do so with the written consent of the LA. The LMS Scheme requires all maintained schools to submit annually, in May, a start budget for the current financial year and a future forecast covering at least three financial years.
- 3 In order to have a deficit approved the school will need to show why they are in deficit, when they are intending returning to a balanced budget position and how they intend to manage the school in order to achieve this. If a school is unable to manage its finances to return to a balanced position within 3 years, the DfE's advice is that the LA should consider removing financial delegation from the school.
- 4 The LA also has a duty to ensure that the LMS Scheme is being adhered to. In accordance with the LMS Scheme the Corporate Director of Children & Education can approve revenue deficits up to a maximum of 10% of the school's resource allocation. Higher percentage deficits can be agreed in exceptional circumstances but would also require the approval of the LA's Chief Finance Officer (Section 151 Officer). Deficits can be agreed for any period up to a maximum of 3 years. Once the school has submitted a recovery plan, and it has been agreed, this plan can only be changed in exceptional circumstances
- 5 As part of its annual review of the financial plans, the LA may also write to other schools where they can see that potential problems may be looming, with the aim of encouraging early action to help mitigate against more significant interventions being required in the future.

2022/23 Start Budgets

- 6 The table at Annex 1 shows that all but four schools are planning for in-year revenue deficits in 2022/23 totalling £1.2m, equivalent to 1.9% of schools' total income for the year. However, for all but three of these schools the planned in-year deficit can be funded from surpluses brought forward from 2021/22. The LA's decision on the three schools requesting a licensed deficit is shown in the following table.

2022/23 Licensed Revenue Deficit Requests

	Revenue Deficit at 31/3/23		LA Decision and Conditions
	£	%	
Naburn Primary	77,214	19.6%	<ul style="list-style-type: none"> • Deficit request approved • Revised three-year plan required by 31/10/22 • School to submit half termly monitoring reports • Refer any decisions that would incur costs >£5k to the AD Education & Skills and Head of Finance for approval, prior to implementation
St Barnabas Primary	831	10.4%	<ul style="list-style-type: none"> • Deficit request approved • Revised three-year plan required by 31/10/22
Danesgate PRU	93,449	2.1%	<ul style="list-style-type: none"> • Deficit request approved • Revised three-year plan required by 31/10/22

Future Year Financial Plans

- 7 The table at Annex 1 sets out schools' planned revenue expenditure, income and balances over the next three financial years. The table shows that almost all schools are currently planning for in-year revenue deficits in 2023/24 and 2024/25, resulting in the majority of schools planning to be in a cumulative deficit position at 31 March 2025. All schools in this position have been asked to ensure that when their financial plan is updated and submitted again in May next year, that it demonstrates a return to a balanced revenue budget by no later than 31 March 2026
- 8 The LA understands the difficulties schools can have in planning for future years given the uncertainty around funding levels and potential cost increases, particularly in recent times. In light of this, as much guidance and advice as possible is provided for schools at budget setting time to help in making informed planning decisions. In addition, the LA's School Business Support Service holds regular update meetings that all school finance and business managers are invited to, with the aim of providing the most recent available information.
- 9 Despite all of this it is accepted that some schools will need to consider making difficult decisions to maintain their budgets within the resources available to them. This will particularly be the case for schools experiencing, or projecting, falling pupil rolls. At the latest update meeting specific guidance and areas for schools in this position to consider was presented.

Recommendations

10 Members of the forum are asked to note and comment on the report.

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Annexes

Annex 1 – Summary of Maintained Schools 2022/23 Revenue Start Budgets and Three Year Financial Plans