



North Northamptonshire Schools Forum: 13th June 2023

Agenda Item 9

2022/23 Maintained School Balances and Licensed Deficits

1. Background

1.1 This report seeks to inform Schools Forum of the 2022/23 maintained school balances as at 31st March 2023.

2. Maintained school balances as at 1st April 2023

2.1 The net total balances at the start of April 2022 for the 41 maintained schools were £6.42m, which includes Park Junior Primary, during the year, converted to academy status. By the end of March 2023, of the 40 maintained schools that remained, net balances totalled £5.73m. At the start of the financial year 2022/23 three schools were in deficit, at the end of the 2022/23 financial year there are six schools in deficit. Table 1 summarises the 2022/23 position.

Table 1: Summary of maintained school balances at 1st April 2023

School Phase	Number of schools in surplus	Schools surplus balances in 2022/23 £'000	Number of schools with deficits	Schools deficit balances in 2022/23 £'000	Total schools	Total outturn balances £'000
Nursery	2	250	2	-83	4	167
Primary	30	4,278	4	-226	34	4,052
Secondary	1	1,084	0	0	1	1,084
Special	1	433	0	0	1	433
TOTAL	34	6,045	6	-309	40	5,736

2.2 Historically the DFE has indicated that nursery, primary and special schools should be aiming to hold a balance around 8% of their income, with a lower figure of 5% for secondary schools. However, North Northamptonshire Scheme for Financing Schools has that figure set at 10% under paragraph 4: The treatment of surplus and deficit balances arising in relation to budget shares.

4.1 The right to carry forward surplus balances

Schools may carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

4.2 Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions:

1. the Authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework
2. the Authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance
3. the Authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the authority, and which the authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the Authority. In considering whether any sums are properly assigned the Authority may also consider any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned
4. if the result of steps (1) – (3) is a sum greater than 10% of the current year's budget share for primary, nursery and special schools, then the Authority shall deduct from the current year's budget share an amount equal to the excess

Funds deriving from sources other than the Authority will be considered in this calculation if paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be considered unless added to the budget share surplus by the school as permitted by the Authority.

The total of any amounts deducted from schools' budget shares by the Authority under this provision are to be applied to the Schools Budget of the Authority.

Schools will be required to split these balances for the DfE Section 251 return and for Consistent Financial Reporting both of which are statutory returns.

- 2.3 The North Northamptonshire Council will be issuing a School Balance Analysis Form, which will facilitate the local authority in differentiating between committed and uncommitted balances. This differentiation will, in turn, enable the NNC to effectively apply the metrics outlined above in the Scheme for Financing Schools.

3 Licensed Deficits

- 3.1 In order to facilitate strong monitoring and proactive intervention planning, a report was presented to the school forum in October regarding School's deficit budget policy in wake of the current and increasing challenging economic climate schools must operate within. North Northamptonshire Council's Scheme for Financing Schools sets out the terms and conditions that maintained schools are expected to comply and operate within. The scheme prohibits maintained schools from planning for a deficit when preparing their budget plans.

This is authorised by the School's deficit policy, which obtained formal approval in October 2022.

“Where a deficit of 1% or more is identified by the school as part of the budget planning process, a business case and recovery plan for a licensed deficit to be authorised is to be submitted to NNC Schools Finance by the Chair of Governors in an agreed format at the same time or before the Budget Proposal Form.”

- 3.2 Schools must submit a deficit recovery plan to NNC when their revenue deficit rises above 1% on 31 March of any year.
- 3.3 Schools applying for a licensed deficit may be allowed to plan for a deficit budget in exceptional circumstances with the agreement of the NNC Chief Finance Officer and subject to the following restrictions:
- a) The maximum length over which a school may repay the deficit is normally three years from the beginning of the next financial year in which the deficit arises, and the financial position will be subject to ongoing monitoring and annual review
 - b) A deficit arrangement will only be allowed where the continuing existence of a school is deemed viable
 - c) The minimum size of an agreed deficit is 1% of the budget share, and the maximum level is 15% of the budget share
 - d) The maximum proportion of the collective school balances held by NNC which will be used to back the total of deficit arrangements is 10%.
 - e) Arrangements for individual schools will be determined by the NNC Chief Finance Officer or their nominated officers, in agreement with the school Governing Body. The Governing Body must formally agree to abide by any requirements laid down as a pre-condition to accepting the deficit arrangement.
- 3.4 During the challenging climate, the School's Finance Team at North Northamptonshire Council will play a crucial role in assisting schools with deficits. They will actively support schools in developing recovery plans, providing tailored guidance to address financial challenges. Through monthly monitoring reports, the finance team will closely track the financial progress of schools, promptly identifying any concerns and offering necessary support. This will be then reported back to School Forum.
- 3.5 Additionally, they will engage in early intervention and prevention planning, working closely with schools that are heading towards deficit, to implement proactive measures and prevent financial hardships. By offering comprehensive assistance, the school's responsibility is to ensure the financial stability and sustainability of schools while upholding the quality of education for children.

4 Recommendations for Schools Forum

- 4.1 This is an information paper which Schools Forum is invited to note school position.

5 Next steps

- 5.1 The Schools Forum is to take note that the breakdown of School balances will follow in next scheduled meeting. School balance analysis forms will be duly circulated among schools for their attention. Upon submission of the data, the school's team will review and analyse the submissions. This comprehensive overview will enable the Schools Forum to make informed decisions and cast their votes on the appropriate school balance mechanism

6 Financial implications

- 6.1 Appendix 1 highlights the outturn for 40 maintained schools. School governing bodies, Schools Forum and the LA need to work together to prepare for the difficult years ahead more so in the current difficult and challenging economic climate that schools have to operate within.

7 Legal implications

- 7.1 There are no legal implications arising from the report.

8 Risks

- 8.1 There's the risk that Schools do not comply with the Scheme For Financing School.

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Maintained school balances at 31st March 2023

DfE No	School Phase	School Name	Opening Revenue Balance as at 1 st April 2022	In Year Revenue Surplus (+ve) / Deficit (-ve)	Closing Revenue Balance as at 31 st March 2023	Cumulative Revenue Surplus / Deficit
20EA1000	Nursery	Ronald Tree Nursery	£17,680	£43,122	£60,802	Surplus
20EA1001	Nursery	Croyland Nursery	-£51,266	-£24,090	-£75,356	Deficit
20EA1003	Nursery	Highfield Nursery	-£24,487	£16,400	-£8,087	Deficit
20EA1011	Nursery	Pen Green Children's Centre	£331,041	-£141,863	£189,178	Surplus
Total Maintained Nursery Schools			£272,968.00	-£106,430.94	£166,537.06	
20EB2007	Primary	Broughton Primary	£157,164	-£12,630	£144,534	Surplus
20EB2019	Primary	Corby Old Village Primary	£156,241	-£947	£155,294	Surplus
20EB2029	Primary	Mawsley Primary	£115,591	-£25,867	£89,724	Surplus
20EB2041	Primary	Great Doddington	£95,721	£58,359	£154,080	Surplus
20EB2048	Primary	Higham Ferrers Junior	£254,063	-£13,202	£240,861	Surplus
20EB2072	Primary	Nassington Primary	£152,012	£61,204	£213,216	Surplus
20EB2082	Primary	Alfred Street Junior	-£57,632	-£43,979	-£101,611	Deficit
20EB2086	Primary	South End Infant	£68,935	-£13,991	£54,944	Surplus
20EB2087	Primary	Tennyson Road Infant	£53,212	-£23,684	£29,528	Surplus
20EB2091	Primary	Warmington Primary	£116,202	£11,598	£127,800	Surplus
20EB2100	Primary	The Avenue Infant	£145,515	-£809	£144,706	Surplus
20EB2130	Primary	South End Junior	£235,834	£8,808	£244,642	Surplus
20EB2140	Primary	Higham Ferrers Infant	£138,780	£99,610	£238,390	Surplus
20EB2144	Primary	Meadowside Primary	£84,275	-£183,764	-£99,489	Deficit
20EB2145	Primary	Earls Barton Primary	£49,055	-£58,415	-£9,360	Deficit
20EB2155	Primary	Whitefriars Primary	£349,267	£87,670	£436,937	Surplus
20EB2180	Primary	Hayfield Cross Primary	£254,927	-£26,304	£228,623	Surplus

20EB2206	Primary	Denfield Park Primary	£37,621	£2,325	£39,946	Surplus
20EB2217	Primary	Barton Seagrave Primary	£343,913	£19,755	£363,668	Surplus
20EB2230	Primary	Henry Chichele Primary	£165,914	-£30,677	£135,237	Surplus
20EB2231	Primary	Croyland Primary	£49,114	-£64,735	-£15,621	Deficit
20EB3030	Primary	Geddington Primary	£117,378	-£13,718	£103,660	Surplus
20EB3033	Primary	Grendon Primary	£49,648	£16,854	£66,502	Surplus
20EB3066	Primary	Titchmarsh Primary	£127,903	£17,196	£145,099	Surplus
20EB3070	Primary	All Saints Primary	£181,270	-£102,979	£78,291	Surplus
20EB3200	Primary	Brigstock Lathams Primary	£84,171	-£63,508	£20,663	Surplus
20EB3201	Primary	Kings Cliffe Endowed	£223,642	-£75,870	£147,772	Surplus
20EB3345	Primary	Wilby Primary	£25,611	-£18,145	£7,466	Surplus
20EB3406	Primary	St Patrick's Catholic Primary	£61,089	-£22,025	£39,064	Surplus
20EB3514	Primary	Little Stanion Primary	£97,133	-£34,778	£62,355	Surplus
20EB5206	Primary	Millbrook Infant	£250,241	-£50,862	£199,379	Surplus
20EB5207	Primary	Millbrook Junior	£390,221	-£232,322	£157,899	Surplus
20EB5209	Primary	Thrapston Primary	£216,452	-£92,560	£123,892	Surplus
20EB5210	Primary	Stanion Primary	£69,844	£13,831	£83,675	Surplus
		Total Maintained Primary Schools	£4,860,327.00	-£808,558.40	£4,051,768.60	
20ED4055	Secondary	Latimer Arts College (The)	£905,835	£177,983	£1,083,818	Surplus
		Total Maintained Secondary School	£905,835.00	£177,982.75	£1,083,817.75	
20EF7031	Special	Rowan Gate Primary	£158,607	£274,298	£432,905	Surplus
		Total Maintained Special School	£158,607.00	£274,298.46	£432,905.46	
		Total Maintained Schools	£6,197,737.00	-£462,708.13	£5,735,028.87	