



NORTH YORKSHIRE SCHOOL FORUM

Date of meeting:	19th September 2024
Title of report:	School Balances 2023-24
Type of report: Delete as required	For Information
Executive summary: Including reason for submission	<p>This paper summarises the position of school balances as at 31st March 2024.</p> <p>It compares school balances as at 31st March 2024 with the previous year and summarises the movement in revenue balances between years and between types of school.</p> <p>The position of those schools which had a negative revenue balance as at 31st March 2024 is also identified.</p> <p>Table 1 provides a detailed breakdown of the balances position of every <u>maintained</u> school in North Yorkshire.</p>
Budget / Risk implications:	None
Recommendations:	Schools Forum is asked to note the position of school balances as at 31st March 2024.
Voting requirements:	Not applicable
Appendices:	Appendix 1 – Detailed 2023/24 School Balances Information
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Presenting officer: If not the originator	Howard Emmett – Assistant Director - Resources

1.0 PURPOSE OF THE REPORT AND SUMMARY

- 1.1 This paper provides information relating to school balances as at 31st March 2024.
- 1.2 As part of the DfE Consistent Financial Reporting arrangements, all schools are required to analyse their financial year-end Local Management of Schools (LMS) balances over five different areas. The table below sets out school balances as at March 2024 and March 2023 analysed over the different categories defined by the DfE and sets out the movement in balances between the two financial years.

Whilst this provides a useful overall summary of school balances, the remainder of this report concentrates on Revenue Balances only (Committed, Uncommitted and Community Focused School revenue balances).

Schools (including Pupil Referral Units)

	March 2023	March 2024	Movement
	£'000	£'000	£'000
Committed Revenue Balance	855	639	-216
Uncommitted Revenue Balance	11,517	15,244	3,727
Community Focused Extended Schools Balances	640	304	-336
Total Revenue	13,012	16,187	3,175
Devolved Capital Balance	2,219	1,218	-1,001
Other Capital Balances	1,095	945	-150
Total Capital	3,314	2,163	-1,151
Total School Balances (Revenue and Capital)	16,326	18,350	2,204

Note: for comparative purposes, the balances shown at March 2023 exclude schools that have converted to become Academies or closed during 2023/24.

The decrease in devolved capital balance is due in part to expenditure relating to the additional energy efficiency capital funding provided by the DfE in December 2022.

2.0 SUMMARY OF KEY POINTS

2.1 The Revenue Balances at 31 March 2024 are summarised below, together with a comparison with 2023. The balances are also expressed as a percentage of school delegated budgets.

MARCH 2024	PRIMARY & NURSERY	SECONDARY	SPECIAL	PRU	TOTAL
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Revenue Balances	15,522	-448	303	810	16,187
% of Revenue Budget	12.6%	-0.8%	1.7%	31.2%	8.1%
Comparison with 2023 Revenue Balance					
Increase (+) Decrease (-)	1,288	639	1,191	57	3,175

2.2 School Revenue Balances have increased by £3.2m from £13.0m to £16.2m. This figure represents 8.1% of school budgets. The equivalent percentage reported in 2023 was 7.1%.

2.3 The DfE, nationally, provided additional funding to support schools in financial difficulty in the 2023/24 financial year. North Yorkshire Council received a grant funding allocation of £972k which was distributed to Local Authority maintained schools. A summary of the allocation of the additional DfE funding is detailed below:

School Type	DfE Schools in Financial Difficulty Additional Funding Allocation
	£'000
Primary & Nursery	422
Secondary	400
Special	150
Total Grant Allocation	972

2.4 Further details of 2023/24 balances at individual school level are shown in **Appendix 1 – Table 1**.

2.5 The projected cumulative revenue outturn position for future years, as reported in 2024/25 Start Budgets, reflects a decreasing trend as summarised below.

REVENUE BALANCES	PRIMARY & NURSERY	SECONDARY	SPECIAL	PRU	TOTAL
Actual Revenue Balance (March 2024)	15,522	-448	303	810	16,187
<u>Projected Start Budget</u> (March 2025)	10,433	-1,128	-488	526	9,343
<u>Projected Start Budget</u> (March 2026)	2,223	-2,700	-1,556	105	-1,928
<u>Projected Start Budget</u> (March 2027)	-11,491	-5,636	-3,332	-420	-20,879

2.6 The overall outturn position reported at March 2024, is £9.5m higher than anticipated at the beginning of the financial year based on school 2023/24 Start Budget submissions. This trend applies to all school types. Details of the comparison are summarised below.

2023/24 PROJECTED REVENUE BALANCE	PRIMARY & NURSERY	SECONDARY	SPECIAL	PRU	TOTAL
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Projected Start Budget</u> (March 2024)	10,481	-2,639	-1,747	556	6,651
<u>Actual Revenue Balance</u> (March 2024)	15,522	-448	303	810	16,187
	+5,041	+2,191	+2,050	+254	+9,536

Further details of this analysis are also provided in the enclosed **Appendix 1 – Table 1**.

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- 2.7 At the time of setting the 2023/24 Start Budgets in Spring 2023, schools are likely to have adopted a cautious approach with regard to continued uncertainties regarding increasing cost pressures and the wider economic climate. This is likely to have been a factor in them anticipating that revenue balances would reduce to a greater extent at that time.
- 2.8 The LA continues to support schools around budgeting assumptions, with training provided for Heads, Governors, and Bursars by the Financial Management for Schools Team to support schools in managing budget pressures.
- 2.9 The average Revenue Balance for all schools (excluding PRUs) is £85.0k compared to £67.7k in 2022/23 (excluding schools that converted to become Academies or closed during 2023/24).

3.0 REVENUE DEFICIT BALANCES

- 3.1 The Table below provides a summary of school revenue deficits over recent years and forecasted deficits for the current year.

Financial Year	Primary (incl. Nursery)		Secondary		Special (incl. PRU)		Total	
	No. Schools in Deficit	Average Deficit £'000	No. Schools in Deficit	Average Deficit £'000	No. Schools in Deficit	Average Deficit £'000	No. Schools in Deficit	Average Deficit £'000
2015/2016	22	-16.4	3	-325.7	0	0	25	-53.5
2016/2017	21	-24.7	7	-242.5	2	-294.2	30	-93.5
2017/2018	44	-22.2	9	-275.9	1	-967.8	54	-82.0
2018/2019	35	-33.9	8	-384.6	4	-435.6	47	-127.8
2019/2020	26	-45.4	6	-520.8	5	-584.0	37	-195.3
2020/2021	11	-54.1	6	-596.5	5	-659.6	22	-339.7
2021/2022	15	-54.0	5	-690.7	4	-473.4	24	-256.5
2022/2023	21	-51.3	5	-672.5	5	-424.5	31	-211.7
2023/2024	18	-46.1	4	-698.4	2	-849.3	24	-221.7
2024/2025*	26	-53.7	7	-429.2	4	-534.6	37	-176.7

*2024/2025 Start Budget submissions from LA maintained schools.

- 3.2 The above Table indicates a decrease in the number of primary schools, secondary schools, and special schools (incl. PRU) in deficit as at March 2024. Whilst overall the number of schools in deficit decreased in 2023/24, the average level of budget deficit increased for secondary schools and special schools (incl. PRU) compared to the 2022/23 level. The continued deterioration of the budget positions of the smallest rural secondary schools and special schools within North Yorkshire remains a significant concern.
- 3.3 The Local Authority utilises a number of measures to support schools facing financial difficulty:

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- the use of a financial risk rating framework to determine the level of support, challenge and intervention undertaken at individual school level.
 - the escalation path for financial intervention, including the use of Notices of Financial Concern, where deemed appropriate.
 - the undertaking of School Resource Management reviews in individual schools where this has been identified as an appropriate intervention through the risk rating process. The reviews are either commissioned from the DfE or are undertaken by LA staff with the SRMA accreditation and based on the DfE School Resource Management Adviser (SRMA) model.
 - review of the Schools Financial Value Standard (SFVS) and Resource Management dashboard in financially challenged schools.
 - continuing the promotion of school collaboration and the sharing of best practice in terms of effective resource management between schools.
 - continuing to undertake research into small school financial effectiveness to identify and share best practice.
 - the provision of Headteacher and Governor finance briefings and training.
 - continuing to lobby DfE for fairer funding for North Yorkshire schools, especially in relation to small, rural secondary schools.
- 3.4 **Appendix 1 – Table 2** provides details of those maintained schools that had a revenue deficit balance as at 31st March 2024.
- 3.5 18 Primary and Nursery Schools, 4 Secondary Schools and 2 Special Schools had negative revenue balances as at 31st March 2024, a total of twenty-four schools compared to 31 schools as at 31st March 2023.
- 3.6 2 of these schools had an approved Licensed Deficit Agreement in place which had been agreed with the Local Authority and the School's Governing Body.
- 3.7 A further fifteen schools were working with the Local Authority to develop actions to improve their financial position in order to return to an overall budget surplus; three of the schools had a LA Notice of Financial Concern so were subject to additional financial controls by the local authority.
- 3.8 One school ended the year with unexpected budget deficit having previously forecasted surplus position at the start of the year.
- 4.0 CAPITAL DEFICIT BALANCES**
- 4.1 **Appendix 1 – Table 3** provides details of those maintained schools that had a capital deficit balance as at 31st March 2024. 1 Primary School, 2 Secondary Schools and 1 Special Schools had negative capital balances as at 31st March 2024; a total of four

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schools compared to seven schools as at 31st March 2023. Of those schools with a capital deficit, one is planning to return to surplus by March 2025.

- 4.2 Of the remaining three schools with a deficit, one is expecting a balance in excess of £9k, one in excess of £23k and one in excess of £38k by March 2025.
- 4.3 Those schools forecasting a deficit by March 2025 will be contacted to seek an explanation and ensure there is an action plan in place to reduce the deficit and return to a balanced position no later than March 2028.

5.0 RECOMMENDATION

- 5.1 Schools Forum is asked to note the position of school balances as at 31st March 2024.

STUART CARLTON
Corporate Director – Children & Young People's Service