

Schools Outturn and Balances 2023-24

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Purpose of Report

This report provides the annual update of the maintained school balances as at 31st March 2024.

Recommended Actions for School Forum

The Schools Forum is asked to note:

- i) After adjusting for closed and Academised schools, the schools cumulative revenue balances have increased from £14.1m as at 31 March 2023 to £15m for the year ending 31 March 2024.
- ii) After adjusting for closed and Academised schools, there are 11 schools in deficit as at 31 March 2024 (up from 10 in deficit as at 31 March 2023).

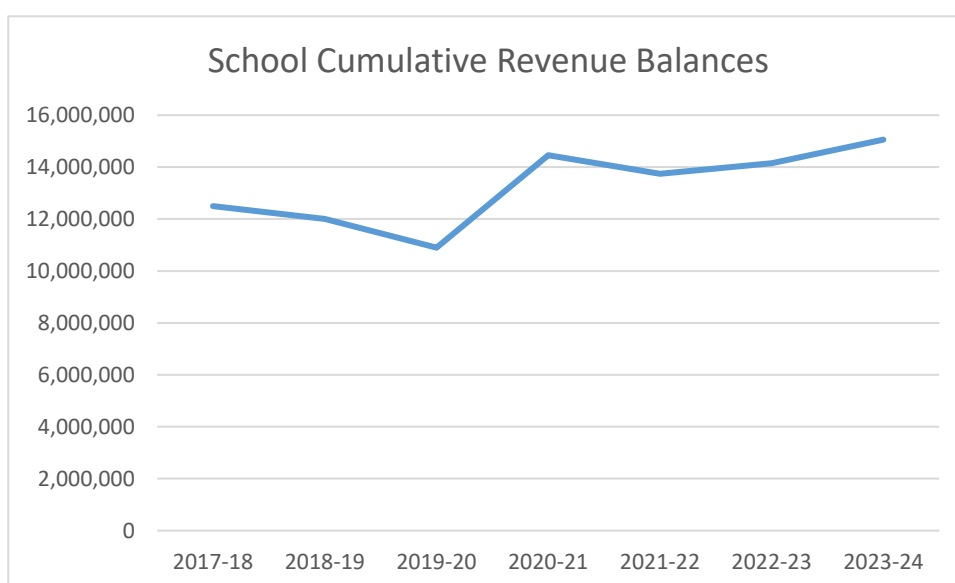
Total School Revenue Balances

- 1 The year-end revenue balances held by schools, after adjusting for closed and Academised schools show an increase of £908k from £14.1m to £15m. This change includes the release of funds previously held in trust as part of the Balance Control Mechanism. The total amount of funds held in trust that were released in 2023/24 was £976k. Had those trust funds been in school balances in 2022-23, there would have been an overall decrease in schools' balances of £69k. During the year, 30 schools' balances deteriorated, with an average fall of £104k. Thirty-six schools balances increased, with an average increase of £112k.
- 2 The table below shows the total revenue balances by group, at the end of the 2023/24 financial year. Appendix A also provides the capital balances, as well as the full anonymised balances by school.

Phase	Number of Schools	Cumulative Revenue Balances	Average Revenue Balance	Lowest Cum. Balance (incl Deficits)	Highest Cumulative Balance
Nursery	5	-769,046	-153,809	-474,913	112,596
Primary	51	10,002,776	196,133	-411,421	1,407,331
Secondary	2	1,517,415	758,707	49,214	1,468,201
Special School	8	4,307,269	538,409	127,223	828,282
Total	66	15,058,414			

Table 1: This table shows school revenue balances by group

A comparison of the total revenue held by schools over the past 7 years is provided in the chart below. Figures are after adjusting for closed and Academised schools.



Controls on Surplus Revenue Balances

- The schools forum has adopted controls on surplus revenue balances using the recently revised thresholds of 11% for schools' balances. The 11% threshold will need to have been breached in each of the previous four years (2023-24 being the most recent) to be considered under the scheme. A breakdown on the number of schools holding revenue balances in excess of these conditions is shown below:

Phase	2023-24 Schools Over BCM
Nursery	0
Primary	10
Secondary	0
Special School	1
Total	11

- 5 When a school exceeds the threshold, they have to include in their budget return to the Local Authority details on how they will use the carry forward. This was due on the 31 May 2024.
- 6 As part of the Council's controls, officers will then have dialogue and or analysis of the data provided by those schools that have exceeded the threshold at 31 March 2023. These discussions will be analysed and reported to the Schools Forum in the Autumn.
- 7 All funds held previously under the "trust fund" arrangement have been returned to their schools at the end of the 2023-24 financial year, meaning no school funds are currently held by the local authority in regard to the BCM.

Schools with Deficit Balances

- 8 In addition to the statutory roles of the council (to set school budgets, collect and collate the revenue and capital annual outturn figures for consolidation in the council's balance sheet), it has a duty to review and monitor the financial 'health' of maintained schools in terms of their budget pressures and ability to manage day-to-day cash flow.
- 9 The schools with deficit balances at the year-end of 31st March for the past 3 years are shown below:

Number of Schools In Deficit	2023-24	2022-23	2021-22
Nursery	3	3	4
Primary	11	8	10
Secondary	0	1	0
Special School	0	0	0
Total	14	12	14

- 10 The figures in this table include the 3 schools which closed in 2023-24. The schools finance team are actively working with schools in deficit to ensure they have licensed budget recovery plans in place.
- 11 The table above is calculated using the total revenue balances for schools, including any community focussed extended services balances. The previous years' data has been amended from that previously reported to show a like-for-like comparison and to remove schools that have subsequently become academies.

Overall Financial Position

- 12 There continues to be a significant pressure on school budgets, as we can see from the rising number of schools in deficit in 2023-24. The precarious financial situation that schools face continues and will require robust ongoing management to mitigate the challenges of a continuing fall in pupil numbers. The challenge of stabilising the current financial position in primary and nursery schools remains within the context of the rapidly declining birth rate and outward migration across London.
- 13 Despite action from the LA through the Keeping Education Strong strategy in reducing capacity within the borough during 2023-24, the downward trend continues and as pupils are the main funding driver, it is already evident that there are insufficient pupil numbers to sustain the current capacity in Southwark's primary and nursery schools and to justify operating the current number of those schools the Council currently maintains. Since September 2015, the number of reception pupils has fallen by 34%, and predictions by the GLA are that the downward trend in Primary numbers will continue until at least 2031, and likely beyond that date.
- 14 One of the core strategic functions of a schools' Governing Body (GB) is to oversee the financial performance of the school and making sure its money is well spent. In doing so, GBs of maintained schools are required to set a balanced budget each year.
- 15 Whilst the responsibility for a schools' finances rest with the Governing Body the Local Authority has taken various action to support schools in this including:
- Continued to operate a licensed deficit framework, enshrining all party's responsibilities and input into the process from first identifying the need to set a deficit budget to approval, monitoring and elimination of the deficit.
 - Commissioned School Resource Management Adviser (SRMA), supporting 3 schools over the past year with problematic financial positions.
 - Continued the operation of finance training programme.
 - Continued and improved all the financial tools the schools have available to support their work on the finances.
- 16 Whilst the financial situation in Southwark's schools is challenging, national benchmarking shows the level of difficulties our school face. The figures below are based on the latest national data for the 2022-23 financial year and refer to all LA Maintained schools. Southwark has the:
- 13th highest amount of deficit in England (out of 150) down from 3rd in 21-22.
 - 48th highest proportion of schools in deficit in England, down from 10th in 21-22. Here Southwark bucked the national and inner London trend of significant increases in the proportion of schools with deficits, with the percentage of Southwark schools in deficit falling by 5% whilst nationally the proportion rose by 5%, and inner London average increased by 6.6%.
 - 60% of maintained nursery schools in deficit, above the London average of 50%.

Conclusion

- 17 There remains an extremely challenging position for Southwark schools with continuing falls in pupil numbers, with further declines anticipated over the coming years. As a result, we have seen the number of schools in deficit rise in the year ending 31st March 2024. Going forwards there will continue to be a significant pressure on school budgets

and it is likely that schools' financial positions are likely to deteriorate in the long term if no action is taken by schools to continue tightening financial management. Work also needs to continue to address the oversupply of places in Southwark.

Appendix A – Full Schools Balances list

Nursery Schools	Closing Rev Balance 2022-23	Closing Rev Balance 2023-24	Closing Capital Balance 2023-24
1	-301,938	-360,925	55,992
2	199,501	81,973	29,732
3	2,724	112,596	66,365
4	-455,152	-474,913	113,771
5	-179,484	-127,777	54,535
Nursery School Total	-734,349	-769,046	320,394

Secondary Schools	Closing Rev Balance 2022-23	Closing Rev Balance 2023-24	Closing Capital Balance 2023-24
57	-303,628	49,214	0
58	1,668,947	1,468,201	3,422
Secondary School Total	1,365,319	1,517,415	3,422

Special, PRU and Hospital Schools	Closing Rev Balance 2022-23	Closing Rev Balance 2023-24	Closing Capital Balance 2023-24
59	385,589	407,717	11,419
60	100,066	127,223	29,402
61	436,066	578,639	0
62	254,776	278,417	0
63	635,166	828,282	33,902
64	406,813	515,889	12,043
65	257,445	811,998	0
66	541,004	759,104	0
Special School Total	3,016,924	4,307,269	86,767

Primary Schools	Closing Rev Balance 2022-23	Closing Rev Balance 2023-24	Closing Capital Balance 2023-24
6	289,117	73,696	0
7	223,928	207,015	0
8	-65,664	-28,577	4,926
9	60,448	105,938	2,038
10	238,612	343,876	0
11	439,443	390,801	25,845
12	-120,070	40,198	0
13	265,564	-46,915	903
14	94,966	92,826	0
15	-20,348	-186,736	43,408
16	33,642	-5,847	21,503
17	99,123	99,887	0
18	160,881	226,200	0
19	304,972	271,297	0
20	725,238	607,831	0
21	12,267	60,807	247,411
22	205,951	-301,565	5,624
23	260,523	160,665	16,513
24	-81,223	74,888	2,827
25	68,256	76,708	10,895
26	90,757	120,479	54,539
27	-473,874	-411,421	100,147
28	222,947	115,612	0
29	53,501	61,651	4,324
30	561,755	396,293	0
31	170,208	99,127	910
32	195,630	179,289	0
33	925,633	472,995	0
34	204,560	276,444	27,112
35	1,424,179	1,407,331	23,986
36	117,131	201,470	5,194
37	247,155	493,106	0
38	159,956	111,284	14,856
39	647,362	611,056	0
40	187,481	318,495	47,845
41	377,116	753,429	24,133
42	217,108	166,619	0
43	1,766	-22,329	0
44	261,181	205,136	0

45	284,183	344,316	0
46	71,411	148,982	0
47	214,802	207,512	0
48	169,538	240,996	10,765
49	144,525	125,908	0
50	61,795	206,025	0
51	209,204	278,533	14,955
52	213,200	219,995	0
53	-26,818	-72,458	0
54	170,710	306,806	0
55	113,741	132,553	6,933
56	88,156	44,551	15,585
Primary School Total	10,501,624	10,002,776	733,177