

Governance & Audit Committee

15 July 2022

School Budgets

This report provides an update on the local authority's strategy and position with maintained schools facing or predicting budget deficit. It follows a previous presentation made to the Governance & Audit Committee.

Recommendations / key decisions required:

Current position regarding school budgets in primary, secondary and special schools.

Reasons:

Following previous presentations outlining the Local Authority's approaches for monitoring schools budgets, this report provides an end of financial year position for primary, secondary and special schools within Carmarthenshire.

Relevant scrutiny committee to be consulted: N/A

Cabinet Decision Required: N/A

Council Decision Required: N/A

CABINET MEMBER PORTFOLIO HOLDER: Cllr. Glynog Davies

Directorate Name of Head of Service: Aneirin Thomas Report Authors: Susannah Nolan, Randal Hemmingway, Aneirin Thomas	Designations: Head of Education and Inclusion Services	E-Mail Addresses: arthomas@sirgar.gov.uk
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Background

The Authority distributes funding to maintained Schools according to a formula which corresponds with regulations prescribed by the Welsh Government. The budget is then delegated to the Governing Body of the School concerned; the budget must be controlled in line with the Scheme for the Financing of Schools which sets out the broad responsibilities of the School and the Authority.

All Schools within the Authority are responsible for managing their annual budget and controlling expenditure.

There are currently 95 Primary Schools, 12 Secondary Schools, and 2 Special Schools within the Authority area.

This report provides an update on deficits and surpluses of school budgets at the end of the 2021/22 financial year.

School Delegated Budgets – Year End Balances Summary

	March 2019	March 2020	March 2021	March 2022
TOTAL (DEFICIT)/ SURPLUS £'000s	(393)	(2,001)	7,266	15,205
Number of Primary schools in deficit	39	44	23	17
Number of Secondary schools in deficit	7	6	4	2
Number of Special schools in deficit	1	1	1	1

Financial Position 2018-2019

- Overall schools' **Surplus** / Deficit at 31.3.19 = **-£3,224,669** / £3,618,005
£393,336 net deficit
- Total **Surplus** / Deficit for Primary at 31.3.19 = **-£1861,817** / £1,688,361
-£173,456 net surplus
- Number of primary schools in **surplus** / deficit at 31.3.19
59 Surplus / 39 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.19
7 Surplus / 7 Deficit

Financial Position 2019-20

- Overall schools' **Surplus** / Deficit at 31.3.20 = **-£3,677,201** / £5,678,217
£2,001,016 net deficit
- Total **Surplus** / Deficit for Primary at 31.3.20 = **-£1,787,526** / £2,528,703
£741,177 net
- Number of primary schools in **surplus** / deficit at 31.03.20
51 Surplus / 45 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.20
7 Surplus / 7 Deficit

Financial Position 2020-21

- Overall schools' **Surplus** / Deficit 31.3.21 = **-£11,023,393** / £3,757,762
-£7,265,631 net surplus
- Total **Surplus** / Deficit for Primary 31.3.21 = **-£5,717,515** / £1,396,196
-£4,321,319 net surplus
- Number of primary schools in **surplus** / deficit at 31.3.21
73 Surplus / 23 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.21
9 Surplus / 5 Deficit

Financial Position 2021-22

- Overall schools' **Surplus** / Deficit 31.3.22 = **-£18,306,818** / £3,101,861
-£15,204,957 net surplus
- Total **Surplus** / Deficit for Primary 31.3.22 = **-£8,832,774** / £1,258,465
-£7,574,309 net surplus
- Number of primary schools in **surplus** / deficit at 31.3.22
78 Surplus / 17 Deficit
- Number of secondary / special schools in **surplus** / deficit at 31.3.22
11 Surplus / 3 Deficit

A significant amount of work has gone into understanding the current and projected financial position of Carmarthenshire schools.

During 2021/22, when aggregate primary school balances increased by £3.2m (approximately. 5% of formula funding), there were 19 primary schools with an "in-year" deficit. 13 of these had 80 or fewer pupils, with an average overspend of 13% in year.

Out of 20 schools which require a licenced deficit for 2022/23, 13 (65%) have below 80 pupils. The average licenced deficit forecast for these schools is 32% of their formula funding.

Impact of grant funding during 2021-22

Schools have been able to take advantage of significant additional grant funding released during the pandemic. This has impacted positively on several school budgets this year and into next year.

School budgets have significantly benefitted from the following factors:

- Additional Grant funding from WG, both during the year (e.g. Additional Learning, RRRS) as well as specific grants late in the financial year (e.g. ALN COVID received in February, Caretaking & Cleaning grant funding)
- Reduced activities normally funding from non capitation budgets e.g. school trips
- Covid related absence cover have been claimable from WG hardship fund.

DETAILED REPORT ATTACHED ?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Aneirin Thomas

Head of Education and Inclusion

Policy, Crime
& Disorder
and
Equalities

Legal

Finance

ICT

Risk
Management
Issues

Staffing
Implications

Physical
Assets

NONE

NONE

YES

NONE

YES

NONE

NONE

1. Finance

- Annual budgets are not managed appropriately.
- The risk of budgets being misrepresented; and
- The risk of non-compliance with the Schools Standards Framework Act 1998 and the School Funding (Wales) Regulations 2010.
- A risk of increasing deficit budgets not being managed by schools and Governing Bodies.

5. Risk Management Issues

The risks considered in the review are as follows:

- Annual budgets are not managed appropriately;
- The risk of budgets being misrepresented; and
- The risk of non-compliance with the Schools Standards Framework Act 1998 and the School Funding (Wales) Regulations 2010.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

No consultation required.

Signed: Aneirin Thomas

Head of Education and Inclusion

1. Scrutiny Committee: Not Applicable

2. Local Member(s): Not Applicable

3. Community / Town Council: Not Applicable

4. Relevant Partners: Not Applicable

5. Staff Side Representatives and other Organisations: Not Applicable

Section 100D Local Government Act, 1972 – Access to Information

List of Background Papers used in the preparation of this report:

THERE ARE NONE

Title of Document	File Ref No.	Locations that the papers are available for public inspection
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