

**DERBYSHIRE COUNTY COUNCIL**  
**CABINET MEMBER FOR YOUNG PEOPLE**

**4 August 2020**

**Joint Report of the Executive Director for Children's Services and the  
Director of Finance & ICT**

**SCHOOL BUDGETS: DEFICIT BALANCES AND RECOVERY PLANS  
BRINGING BUDGETS INTO BALANCE OVER MORE THAN ONE  
FINANCIAL YEAR**

**1. Purpose of Report**

To seek approval to requests from governing bodies of schools with budget deficits to implement budget plans in order to repay the deficits over more than one year, and to report on the schools which have still to agree a deficit recovery plan.

**2. Information and Analysis**

Section 4.9 of "The Derbyshire Scheme for Financing Schools" provides that a governing body unable to prepare a balanced budget may make a formal request to the Cabinet Member for Young People to implement a plan to bring school's budget into balance over more than one year. Cabinet Member approval is required where a school plans to operate a deficit exceeding:

- Nursery/primary/special schools  
**BOTH 3%** of the budget share **AND £10,000**
- Secondary schools  
**EITHER 3%** of the budget share **OR £150,000**

Before making such a request, the school must demonstrate to officers from Children's Services and Corporate Finance that all other options have been exhausted. Approval to repay a deficit is normally only allowed over a maximum of three years. However, additional years may be granted if, in the opinion of the Executive Director for Children's Services, the school's ability to deliver the national curriculum would

otherwise be seriously jeopardised and that no other reasonable course of action is available.

The estimated balances and pupil numbers of the schools included in this report are included in Appendix 1.

## **2.1 Requests to balance the budget over more than one year**

Two-year budget plan:

- Arkwright Primary School
- Ashbourne Hill Top Primary School
- Ripley Junior School

Three-year budget plans:

- Charlesworth Primary School
- Glossopdale Community School
- William Allitt School

## **2.2 Plans beyond three years**

Fairmeadows Primary School operates its own bank account and has an external payroll provider, thus the Authority holds less detailed transactional data than for most other schools. At the end of 2019-20 the school had an accumulated deficit of £0.141m and this is expected to have reduced to £0.017m by the end of 2022-23, with the balance being recovered in 2023-24.

New Mills School has not been able to produce a plan to bring their budget back into balance within the next three years. The deficit is, however, planned to reduce from £0.714m at 31 March 2021 to £0.498m by 31 March 2024.

The school continues to work closely with the Local Authority to address its deficit position and is being supported by the Authority's Team Around The School (TATS) processes. Further meetings of senior LA officers are planned with the school's governors and senior leadership teams to identify further measures to recover the deficit.

## **3. Financial Considerations**

The problems faced by the small number of schools above have to be seen in context. At 31<sup>st</sup> March 2020, the Authority was responsible for 298 schools, of which, 32 reported a deficit at the end of 2019-20, ~10.7% of the total, and of these, only the one listed in section 2.2 does not yet have an agreed recovery plan.

Against this broadly positive picture, the current school funding arrangements now present a greater financial risk to the Authority. If a school with a deficit is required to convert to academy status then that deficit is likely to remain with the Authority.

Extensive work takes place to help schools to avoid getting into deficit. Where a school does have financial difficulties, the need to manage these problems, and the associated risks to the LA, have to be balanced against the needs of the children currently in the school and the impact on teaching and learning of potential savings strategies.

#### **4. Other Considerations**

In preparing this report, the relevance of the following factors has been considered; prevention of crime and disorder, equality and diversity, environmental, health, human resources, legal and human rights, property and transport considerations.

#### **5. Background Papers**

Held in School Support Finance.

#### **6. Key Decision?**

No

#### **7. Officers' Recommendations**

That the Cabinet Member considers the report and

- (i) Allows the schools detailed in section 2.1 to recover their budget deficits over more than one financial year;
- (ii) Notes the position of the two schools in section 2.2 that are currently unable to submit a balanced budget recovery plan within three years; and
- (iii) Requires the governing body of New Mills to agree and submit plans to the Authority by the end of the current financial year that eliminate the accumulated deficit within a timeframe acceptable to the Authority.

**Jane Parfremment – Executive Director for Children's Services**  
**Peter Handford – Director of Finance & ICT**

## Requests to balance the budget over more than one financial year:

School	Pupil Numbers		2020-21		2021-22		2022-23		2023-24	
	Oct 2019	Oct 2020 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
Arkwright Primary School	83	101	-19,743	-4.80	3,371	0.70				
Ashbourne Hill Top Primary School	118	125	-21,522	-3.92	11,636	1.99				
Ripley Junior School	305	340	-53,588	-4.38	36,322	2.63				
Charlesworth Primary School	111	101	-57,782	-11.40	-4,874	-1.00	76,412	14.73		
Glossopdale Community School	1108	1158	-724,647	-12.90	-373,683	-6.12	108,470	1.67		
William Allitt School	629	607	-148,774	-4.47	-22,014	-0.67	49,828	1.52		
Fairmeadows Primary	207	206	-141,464	-12.23	-54,259	-6.22	-17,462	-1.90	19,420	2.19

## Schools without agreed balanced budget plans:

School	Pupil Numbers		2020-21		2021-22		2022-23		2023-24	
	Oct 2019	Oct 2020 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
New Mills	575	608	-714,181	-24.2	-675,112	-21.4	-675,480	-20.6	-498,440	-14.2