

**FOR PUBLICATION**

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR EDUCATION**

**3 AUGUST 2021**

**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. Divisions Affected**

1.1 Not applicable

**2. Key Decision**

2.1 This is not a Key Decision

**3. Purpose**

3.1 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.

**4. Information and Analysis**

4.1 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 Education 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 referenced in this report are included in Appendix 2.

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

Two-year budget plan:

- Charlesworth Primary School
- Fairmeadows Foundation Primary School

Three-year budget plans:

- Calow Primary School

#### **4.3 Plans beyond three years**

Wirksworth C.E Infant School is a small school with 53 on roll (October 2020) with this figure projected to reduce to around 40 over the next two years. The school has not yet been able to produce a plan to bring their budget back into balance with the deficit profiled to increase from £12,709 at 31 March 2021 to £88,710 at 31 March 2025.

Wirksworth C.E. Infant School is federated with another small school, Wirksworth Infant School, which has 37 on roll (October 2020). Wirksworth Infants had a balanced budget of £17,035 as at 31 March 2021 with a small deficit budget of £9,617 projected for 2023-24.

The budgets for both schools are very tight and they continue to work closely with the Local Authority and are being supported by the Authority's Team Around The School (TATS) processes.

New Mills School has been unable to produce a plan to bring their budget back into balance. The deficit at 31 March 2021 was £0.636m, an improvement of £0.099m compared with the previous year-end figure (£0.735m). The deficit is planned to further reduce gradually to £0.187m by 31 March 2025. 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.

## **5. Consultation**

5.1 Not applicable

## **6. Alternative Options Considered**

6.1 Not applicable, as schools are required by regulations to balance their budgets over time.

## **7. Implications**

7.1 The schools governing bodies listed in Appendix 2 will be required to identify savings and efficiencies within their delegated budgets in order to reduce their accumulated deficits.

## **8. Background Papers**

8.1 Held in School Support Finance, Finance & ICT Services, Commissioning, Communities & Policy.

## **9. Appendices**

9.1 Appendix 1 - Implications.

9.2 Appendix 2 – Requests from schools to balance their budget over more than one financial year and schools without agreed budget plans.

## **10. Recommendations**

That Cabinet considers the report and:

a) Allow the schools detailed in section 4.2 to recover their budget deficits over more than one financial year;

- b) Notes the position of the two schools in section 4.3 that are currently unable to submit a balanced budget recovery plan within three years;
- c) Requires the Governing Bodies of Wirksworth C.E. Infant School and New Mills School 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.

## **11. Reasons for Recommendation(s)**

- 11.1 All the recommendations reflect the extensive work that takes place to help schools 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.

## **12. Is it necessary to waive the call in period?**

- 12.1 No

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### **Implications**

#### **Financial**

1.1 The problems faced by the small number of schools above must be seen in context. At 31<sup>st</sup> March 2021, the Authority was responsible for 281 schools of which 13 reported a deficit at the end of 2020-21, ~4.63% of the total and, of these, only the two listed in section 4.3 do 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.

#### **Legal**

2.1 None

#### **Human Resources**

3.1 None

#### **Information Technology**

4.1 None

#### **Equalities Impact**

5.1 None

#### **Corporate objectives and priorities for change**

6.1 Contained within the body of the report

#### **Other (for example, Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding)**

7.1 None

Requests from schools to balance the budget over more than one financial year

Appendix 2

School	Pupil Numbers		2021-22		2022-23		2023-24		2024-25	
	Oct 2020	Oct 2021 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
Charlesworth Primary School	99	110	-55,284	-10.79	5,987	1.07				
Fairmeadows Foundation Primary School	206	209	-24,648	-2.70	32,237	3.44				
Calow Primary School	153	141	-62,505	-9.25	-65,386	-10.17	8,508	1.28		

Schools without agreed balanced budget plans

School	Pupil Numbers		2021-22		2022-23		2023-24		2024-25	
	Oct 2020	Oct 2021 est	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget	Estimated Balance £	% of budget
Wirksworth C.E. Infant School	53	50	-33,451	-10.93	-31,355	-10.54	-63,379	-24.63	-88,710	-33.08
New Mills School	613	624	-590,805	-17.58	-541,327	-15.58	-320,210	-8.62	-186,921	-5.09