

OPEN

Appendix 1 – NOT FOR PUBLICATION: By virtue of paragraph 2 of Part 1 Schedule 1 of the Local Government Act 1972

BRIEFING REPORT

Children and Families Committee

10 February 2025

Briefing around Schools forecasting financial deficits in 2024/25

Report of: Adele Taylor, Interim Executive Director of Resources (Section 151 Officer)

Report Reference No: CF/49/24-25

Purpose of Report

- 1 The purpose of this report is to update Members regarding maintained schools which are currently forecasting to end 2024/25 in a financial deficit position, and to share information on the activity taking place in order to support those schools with their recovery planning.
- 2 This report contributes towards the Corporate Plan Aim of “An open and enabling organisation”.

Executive Summary

- 3 At the September 2024 C&F Committee it was agreed that a report would be provided to Members to update them on the maintained schools who were forecasting financial deficits at the end of 2024/25, and to update committee on the activity taking place to support those schools in their financial recovery.
- 4 Of the 51 maintained schools there are 14 currently forecasting to end 2024/25 with a financial deficit. This is based on the Autumn term forecasts. The total value of the deficits for the 14 schools is £1.67m.
- 5 During November 2024, and January 2025 the Director of Education, Strong Start and Integration (DoE) has arranged meetings with 9 of

these schools in order to discuss their current financial forecasts and actions being taken to address this.

- 6 These meetings were attended by the schools representatives such as the Head Teacher, Bursar and school Governors. And the DoE was supported in the meetings by representatives from HR and Finance.
- 7 Schools were asked to submit action plans one week in advance of the meetings, detailing the current position and main drivers, as well as actions being taken in order to recover any forecast deficits.
- 8 The meetings were run as open forums for discussing the challenges and opportunities which schools face.

Background

- 9 Cheshire East Schools are some of the lowest funded in the country and we are part of the F40 cohort of lowest funded schools.
- 10 Some of our schools are finding it challenging to set balanced budgets, and 14 of the schools are currently forecasting a deficit at the end of 2024/25, this is compared to 16 schools who closed their 2023/24 accounts in a deficit position.
- 11 The total of the deficits for the 16 schools at the end of 2023/24 was £1.26m, the cumulative forecast deficit for the 14 schools in 2024/25 is £1.67m. The overall balances held for all maintained schools (net of surpluses and deficits) at the end of 2023/24 was a net surplus of £2.6m.

Briefing Information

- 12 The details of the forecasts by school for those forecasting deficits is included in Appendix 1, which is in part two of the committee agenda.
- 13 During the meetings the schools were able to talk through the challenges they are facing, and discuss the actions they were putting in place to try and address the financial challenges.
- 14 Where Governors attended they were also able to provide assurance around their involvement and support as a board to address the challenges.
- 15 Issues such as falling pupil numbers, challenges around supporting children with SEND, and changes to school meal services were some of the challenges mentioned by schools.

- 16 The meetings were also an opportunity to talk about positive elements of the schools operation, such as inclusivity of the schools and the work they are doing to support children.
- 17 The DoE discussed opportunities with the school that may help them to move to a more financially stable position. Some examples were around if schools were operating before and after school clubs, or may be able to consider expanding age ranges in order to incorporate Early Years provision, as these could be options that could support the schools financially as well and helping to support retention or growth in pupil numbers.
- 18 Schools were also asked in the meetings if they would be open to accessing a free DfE offer of Schools Resource Management Advisors. This has been a successful program run in some other LA areas which could help the schools with their financial recovery. Most schools were happy to be included in this suggested program.
- 19 In year we have seen a reduction in the number of schools forecasting a deficit, as well as seeing the value of the cumulative deficit reducing.
- 20 The forecast deficits reduced from £1.9m in the Summer term forecasts, to £1.67m in the Autumn term forecasts, with 3 schools moving from a deficit to surplus forecast position between the two forecast points.
- 21 Of the 14 schools still forecasting deficit balances at the Autumn term forecasts, 10 of them have forecast reduced deficit balances.
- 22 This shows that schools are taking action to reduce the forecast deficits.

Implications

Monitoring Officer/Legal

- 23 This is a briefing note for Children & Families Committee to outline the current position and actions being undertaken and support provided by the Local Authority to maintained schools. Consideration needs to be had to the School Standards and Framework Act 1998 & The School and Early Years Finance and Childcare (Provision of Information About Young Children) (Amendment) (England) Regulations 2024.

Section 151 Officer/Finance

- 24 The financial information is contained within the report and appendix.
- 25 If a school chooses to convert to be an Academy then any surplus or deficit balance transfers with them, resulting in no financial implication for the council.

- 26 However there are risks around deficit balances potentially remaining with the LA in some specific circumstances. For example if a school is issued with an academisation order from the DfE then surplus or deficit balances are retained by the LA.

Policy

- 27 As this is a briefing there are no direct policy implications linked to this report. It does however support the corporate policy of being “an open and enabling organisation”.

Equality, Diversity and Inclusion

- 28 There are no direct equality implications as a result of this briefing.

Human Resources

- 29 There are no direct HR Implications as a result of this briefing.

Risk Management

- 30 Actions being taken to work with schools forecasting deficits, as detailed in the report, are to try and reduce the risks of ongoing or increasing deficit balances held by schools.

Rural Communities

- 31 There are no direct implications for Rural Communities as a result of this briefing.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

- 32 There are no direct implications for children and young people as a result of this briefing. The responsibilities of schools to support children are unchanged regardless of their financial balances.

Public Health

- 33 There are no direct implications for public health.

Climate Change

- 34 There are no direct implications for climate change.

Access to Information	
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Appendices:	Appendix 1 – NOT FOR PUBLICATION
Background Papers:	NA