



Appendix C – Schools Budget 2023/24 Outturn



1. Schools Spending 2023/24

- 1.1. The final outturn position against schools delegated budgets at 31 March 2024 is an overspend of £3.371m resulting in school balances decreasing by that sum to a total of £69.790m.

The tables below show analysis of school balances by phase at the end of the financial year 2023/24.

2023/24 School Balances - In-Year Movement of Balances by Phase

Phase	Balance Brought Forward as at 1 April 2023 £m	In-year Increase / (Decrease) 23/24 £m	Balance Carried Forward as at 31 March 24 £m
Nursery	0.352	-(0.110)	0.242
Primary	40.042	0.492	40.534
Secondary	24.019	-(3.104)	20.915
Special	7.416	-(0.758)	6.658
Short Stay	1.332	0.109	1.441
Total	73.162	-(3.371)	69.790

- 1.2. Schools continued to face challenges in the 2023/24 related to increased energy and general price pressures.
- 1.3. Increased levels of core funding were provided by the Government in the year. With the gross Dedicated Schools Grant (DSG) allocation being £77.364m higher than that received in 2022/23.
- 1.4. The 2023/24 gross Dedicated Schools Grant allocation was £1,243.450m. The equivalent grant income for 2022/23 was £1,166.086m. The increase includes the supplementary grant (£25m) being rolled into our allocation for 2023/24, the receipt of the Mainstream Schools Additional Grant of £31m for 2023/24, Lancashire's share of the increased Early Years Block and an increase in the overall number of pupils in Lancashire compared to 2022/23. In addition to the core Dedicated Schools Grant (DSG) funding allocations to schools, considerable additional funding was allocated during 2023/24 in the form of supplementary government grants. For Lancashire maintained schools, grant allocations in the year totalled over £115m.
- 1.5. A number of these grants were specifically to assist schools as they continue to respond to the challenges of supporting pupils catch up on learning, to cover the health and social care levy and wider costs. Some of these grants were allocated by the DfE on an academic year basis and will need to be spent by the end of the current school year. This may have had some impact on the still relatively healthy level of balances held by schools on 31 March 2024.



2023/24 School Balances –In-Year Movement Count of Schools by Phase

Phase	Count of deficit in year	Count of surplus in year
Nursery	9	15
Primary	188	243
Secondary	19	19
Special	17	11
Short Stay	4	4
Total	237	292

- 1.6. 237 schools operated an in-year deficit in 2023/24, which equates to 45%, with 292 schools (55%) operating an in-year surplus. This level of in year spending in 2023/24 has continued to increase over historic levels with teachers pay, energy and general price pressure remaining prevalent. After a spike in expenditure post Covid, more schools have operated within their in-year budget as noted above (55%) compared with 30% of schools that generated an in-year surplus in 2022/23.

2023/24 School Balances – Number of Schools in Surplus/Deficit by Phase

Phase	Count of deficit close balance	Count of surplus close balance
Nursery	8	16
Primary	25	406
Secondary	0	38
Special	4	24
Short Stay	1	7
Total	38	491

- 1.7. 38 schools ended the 2023/24 financial year in deficit. The number of schools in deficit at 31 March 2024 decreased slightly with 43 schools in deficit a year earlier. The nursery sector remains the most concerning phase with 8 out of 24 schools ending the financial year in deficit, representing 33% of schools in this cohort. There will need to be a watching brief on the newly introduced additional Early Years funding available for 2 year-olds, its uptake and the consequent impact on nursery financial performance in the coming years.

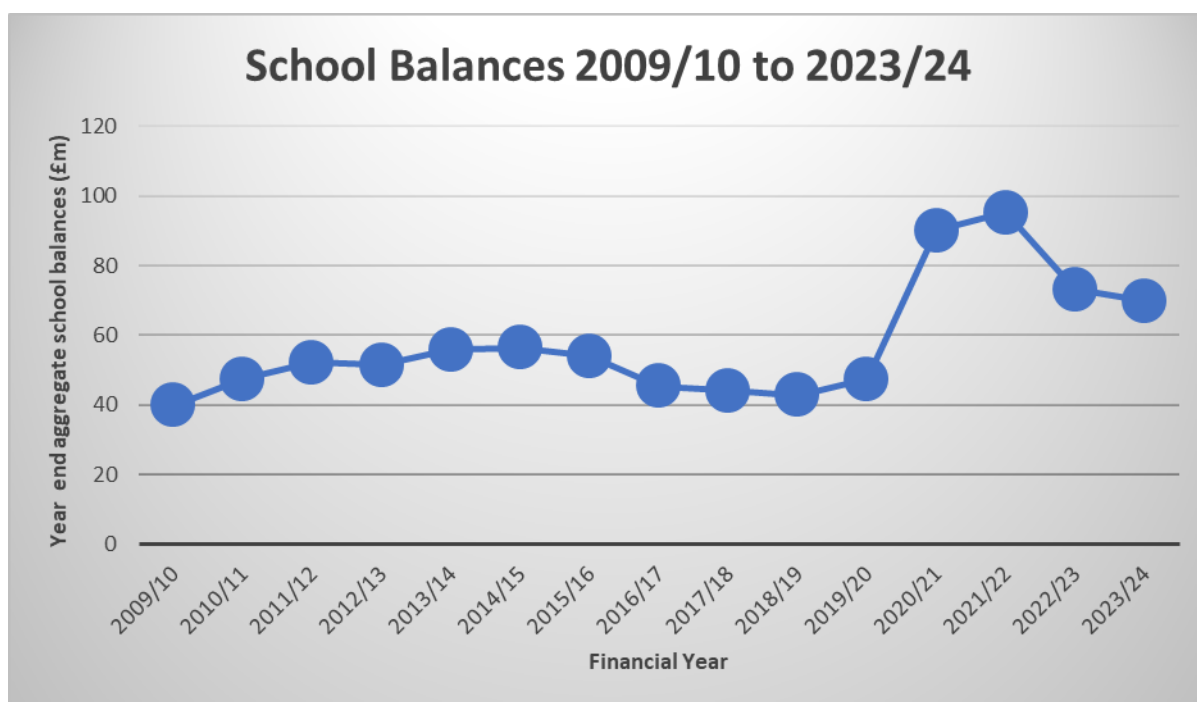
- 1.8. A comparison showing the total number of schools in deficit across recent years is provided below:

Year End	Number of schools in deficit
31 March 2024	38
31 March 2023	43
31 March 2022	21



31 March 2021	30
31 March 2020	41
31 March 2019	39
31 March 2018	47
31 March 2017	40
31 March 2016	25
31 March 2015	18

The number of schools in deficit has returned to more historic levels following what was an artificially low 2022 figure due to unspent funding such as Covid related catch-up grants.



1.9. The graph demonstrates the trend in aggregate school balances over several years and shows that following the significant rise in the balances held by schools in the two financial years to March 2022. Balances at the end of 2023/24 are returning to more traditional levels at £69.790. The deployment of delayed spend and cost pressures being contributing factors to the reduction. As noted above a proportion of supplementary grant will be included in the above balances and we are likely to see balances decline further in 2024/25.

1.10. To provide context for the total school balances, the current authority guideline for schools is to have reserves equating to 12% of their total Combined Financial Reporting (CFR) income or a minimum of £75,000. This is to ensure that individual schools can withstand potential financial risks and financial stresses. If all Lancashire schools held the guideline balance, the total balance would have been circa £118m, compared to the actual balances held of circa £69,790m.



2. Support for Schools in Deficit

- 2.1. The county council, in consultation with the Lancashire Schools Forum, has continued to provide significant targeted support and enhanced monitoring and early warning to support schools that are in, or may be heading towards, financial difficulty. This includes monitoring the financial outlook of schools on the Schools in Financial Difficulty (SIFD) category warning system for maintained schools, issuing early warning letters to offer a 'heads-up' that financial pressures may be mounting and using the agreed SIFD procedures to provide additional support to some schools.
- 2.2. 38 schools ended the 2023/24 financial year in deficit, compared to 43 schools a year earlier. Of the 43 schools at the start of the year 15 have returned to being in surplus, 10 are showing reduced deficits and 4 have converted or are in the finalising stages of academisation. We continue to work with the remaining 9 schools which remain in deficit. Alongside the existing schools in deficit a further 14 schools have slipped into deficit in the year. We will actively monitor and support schools as they manage their budgets appropriately.
- 2.3. By way of support to those schools with an agreed recovery plan or an agreed sustainability plan, we continue to meet interest charges and provision of school finance support from SIFD reserves.

3. Schools Reserves**

Schools Reserves	Opening Balance as at 1 April 2023	In Year Changes	Closing Balance as at 31 March 2024
	£m	£m	£m
Individual Schools Reserves	73.163	-3.373	69.790
Other Schools Reserves	35.714	-7.760	27.953

** The School Reserves are ring-fenced to schools and are used at schools' discretion.

Under the Education Reform Act, schools are given most of their budgets to directly control. If a school does not spend its entire budget, it is held as a reserve for them to use in the future. These reserves cannot be used for any other purpose.

