

Item 6

Financial Support for LAs supporting maintained schools in financial difficulty 2023/24

Recommendation

To note distribution of the Department for Education (DfE) additional financial support for maintained schools which find themselves in financial difficulty for financial year 2023/24, as summarised in table 1.

1. Background

- 1.1 In July 2023 DfE announced that it is providing up to £40m of additional funding in 2023 to 2024 to support individual schools which find themselves in particular financial difficulty. This is on top of the £525m TPAG to support them with the September 2023 Teachers Pay Award.
- 1.2 This £40m is to enable Education and Skills Funding Agency (ESFA) and Local Authorities (LAs) to expand the existing financial support that is already in place for academies and maintained schools.
- 1.3 This is one-off funding available in 2023 to 2024 only and the Dept has no plans for similar additional funding in 2024 to 2025.
- 1.4 Of the 40m, £20m will be provided to LAs which have the most significant maintained school deficits.
- 1.5 Distribution of the £20m is therefore targeted and not every LA will receive additional funding – the DfE will allocate the £20m between LAs that have aggregated school level deficits as a proportion of their maintained school income above 1%.
- 1.6 Local authorities should report to their schools forum on how they are using the money.

2. Funding allocation

- 2.1 Croydon's allocation which was paid on 30th November is **£264,529.05** and is the 34th lowest of 38 LA's receiving this funding.

3. Funding criteria and use

- 3.1 The DfE want LAs to be able to use this funding to best support their schools in the individual circumstances in which they find themselves and are giving LAs significant flexibility over how this funding can be used.

- 3.2 Financial support may be needed in some circumstances and the usual form is a deficit arrangement licenced by the LA (Section 6.9 of the Statutory Guidance on Schemes for Financing Schools) and the Dept expect this to continue as the usual way for LAs to support Maintained schools financially.
- 3.3 Section 6.7 of the Guidance makes it clear that the LA cannot write-off the deficit balance of any school.
- 3.4 Section 6.7 of the guidance also allows for LAs to pay cash sums towards elimination of a deficit balance. This is designed for circumstances where it is not reasonable to expect the school to eliminate the whole of the deficit from its own resources.
- 3.5 Guidance States: such cash sums can be charged to the DSG only where they form part of a contingency fund approved by maintained school members of the Schools Forum Reg 11(5) of and paragraph of Sch 2 to the Schols and Early Years Finance (England) Regulations 2023.
- 3.6 Scheme Guidance States: if a LA wishes to give assistance toward elimination of a deficit balance this should be through the allocation of a cash sum from the authorities schools budget; from a centrally held budget specified for the purpose of expenditure on special schools and PRU's in financial difficulty or in respect of mainstream maintained schools from a de-delegated contingency budget where this has been agreed by Schools Forum.
- 3.7 Eligibility in the use of the additional funding is stated: can be used to support maintained primary, middle, secondary and all-through schools, maintained special schools, pupil referral units and maintained nursery schools.

4 Funding allocation proposal

- 4.1 It is recommended to distribute the full additional funding allocation to support those LA maintained schools who are in a budget deficit position.
- 4.2 As at Q3 of the 2023/24 financial year we have 10 LA maintained schools with licensed deficits, three nursery, four primary, two secondary and one special school.
- 4.3 The current (Q3-2023/24) overall deficit position of these 10 schools totals £2,631,731.
- 4.4 It is recommended to distribute the additional funding from DfE as per the following calculation in Table 1:

Table 1

School	Deficit Q3 2023/24	Income 2023/24	Deficit as percentage of income	Share of deficit	Additional funding prorated to deficit
A	£419,720	£6,288,463	6.70%	15.95%	£42,188
B	£102,221	£1,413,799	7.20%	3.88%	£10,275
C	£312,618	£564,275	55.40%	11.88%	£31,423
D	£383,615	£3,225,320	11.90%	14.58%	£38,559
E	£94,913	£1,396,482	6.80%	3.61%	£9,540
F	£65,766	£767,889	8.60%	2.50%	£6,610
G	£300,598	£508,541	59.10%	11.42%	£30,215
H	£364,103	£2,496,245	14.60%	13.84%	£36,598
I	£340,998	£5,068,523	6.70%	12.96%	
J	£247,179	£5,520,969	4.50%	9.39%	
	£2,631,731	£27,250,506	9.70%	100.00%	

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