

Date: 26 June 2025	Item 9	Type of report: Noting
Report title:	2024-25 Schools Outturn Balances	
Author name and contact details:	Aron Brown, Aron.Brown@southwark.gov.uk	
Officer to present the report and title:	Aron Brown, Senior Finance Manager – Education Finance	

PURPOSE OF REPORT

1. This report provides the Schools' Forum with the annual update on the financial position of maintained school balances as of 31 March 2025.

RECOMMENDED ACTIONS FOR SCHOOLS FORUM

2. Schools Forum note the following.
 - After adjusting for closed and Academised schools, the schools' cumulative revenue balances have increased by £57,000 during 2024-25, with combined balances finishing at £15 million for the year ending 31 March 2025.
 - After adjusting for closed and Academised schools, there are 11 schools in deficit as of 31 March 2025, the same number as of 31 March 2024.

KEY ISSUES FOR CONSIDERATION

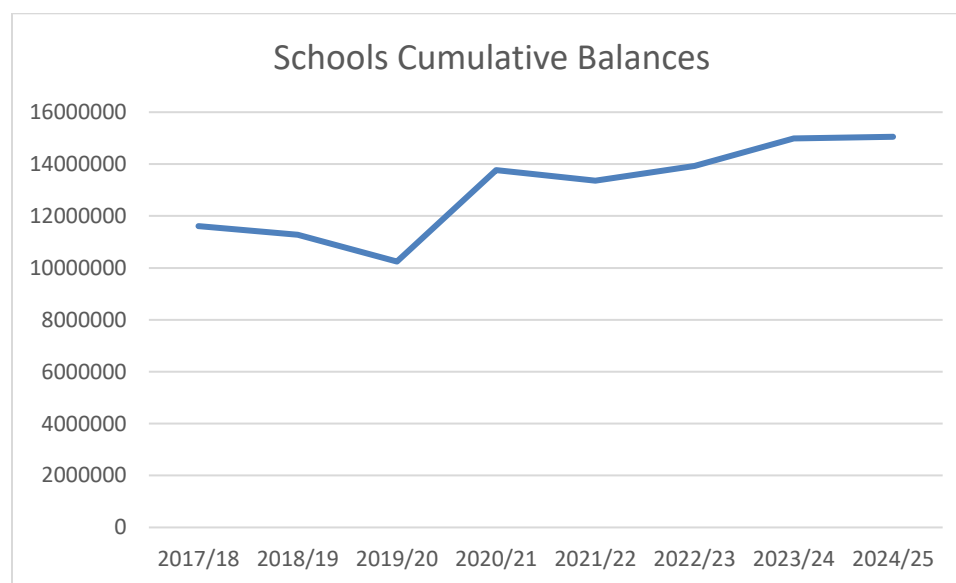
Total School Revenue Balances

3. The year-end revenue balances held by schools, after adjusting for closed and Academised schools show a combined increase of £57,000. During the year, 29 schools' balances deteriorated, with an average fall of £133,000. 36 schools' balances increased, with an average increase of £137,000.
4. The table below shows the total revenue balances by group, at the end of the 2024/25 financial year. Appendix A also provides the capital balances as well as the full anonymised balances by school.

Phase	Number of Schools	Cumulative Revenue Balances	Average Revenue Balance	Lowest Cum. Balance (incl Deficits)	Highest Cumulative Balance
Nursery	4	466,495	116,624	-308,847	542,039
Primary	47	8,016,742	170,569	-732,121	1,294,535
Secondary	2	1,710,783	855,392	220,486	1,490,298
Special School	8	4,858,339	607,292	90,981	1,166,631
Total	61	15,052,360			

Table 1: This table shows school revenue balances by group

5. A comparison of the total combined revenue held by schools over the past eight years is provided in the chart below. Figures are after adjusting for closed and Academised schools.



6. The following table highlights the movement in balances by phase, which highlights the significant reduction in balances within our Primary Schools. This is largely driven by two groups: schools who are using up significant surplus balances and those schools who are facing financial challenges who will need to develop plans to ensure financial sustainability.

Phase	Revenue Balances 23-24	Revenue Balances - 24-25	YoY Movement
Nursery Schools	(£408,121)	£466,495	£874,616
Primary Schools	£9,578,490	£8,016,742	(£1,561,748)
Secondary Schools	£1,517,415	£1,710,783	£193,369
Special Schools, Hospital Schools & PRU	£4,307,269	£4,858,339	£551,070

Controls on Surplus Revenue Balances

7. Under the current Balance Control Mechanism (BCM), schools' surplus balances will need to have exceeded the 11% threshold in each of the previous four years (2024-25 being the most recent) to be considered under the scheme. A breakdown of the number of schools holding revenue balances in excess of these conditions is shown below:

Phase	2024-25 Schools Over BCM
Nursery	0
Primary	10
Secondary	0
Special School	3
Total	13

8. When a school exceeds the threshold, they have to include in their budget return to the Local Authority details on how they will use the carry forward. This was due on 31 May 2025.
9. As part of the Council's controls, officers will then have dialogue and or analysis of the data provided by those schools that have exceeded the threshold on 31 March 2025. The schools' position will be assessed a report will come to the Schools Forum in the Autumn along with any recommendations arising.

Schools with Deficit Balances

10. In addition to the statutory roles of the council (to set school budgets, collect and collate the revenue and capital annual outturn figures for consolidation in the council's balance sheet), it has a duty to review and monitor the financial 'health' of maintained schools in terms of their budget pressures and ability to manage day-to-day cash flow.
11. The schools with deficit balances at the year-end of 31 March for the past four years are shown below:

Number of Schools In Deficit	2024-25	2023-24	2022-23	2021-22
Nursery	3	3	3	4
Primary	9	11	8	10
Secondary	0	0	1	0
Special School	0	0	0	0
Total	12	14	12	14

12. The figures in this table include the 3 schools which closed in 2023-24 and two which closed in 2024-25. The schools' finance team are actively working with schools in deficit to ensure they have licensed budget recovery plans in place.
13. The table above is calculated using the total revenue balances for schools, including any community focused extended services balances. The previous years' data has been amended from that previously reported to show a like-for-like comparison and to remove schools that have subsequently become academies.

Overall Financial Position

14. There continues to be a significant pressure on school budgets, as we can see from the number of schools in deficit in 2024-25. The precarious financial situation that schools face continues and will require robust ongoing management to mitigate the challenges of a continuing fall in pupil numbers. The challenge of stabilising the current financial position in primary and nursery schools remains

within the context of the rapidly declining birth rate and outward migration across London.

- 15 Despite action from the LA through the Keeping Education Strong strategy in reducing capacity within the borough during 2024-25, the downward trend continues and as pupils are the main funding driver, it is already evident that there are insufficient pupil numbers to sustain the current capacity in Southwark's primary and nursery schools and to justify operating the current number of those schools the council currently maintains. Since September 2015, the number of reception pupils has fallen by 30%, and predictions by the GLA are that the downward trend in primary numbers will continue until at least 2030/31, and conceivably beyond that date
- 16 One of the core strategic functions of a schools' Governing Body (GB) is to oversee the financial performance of the school and making sure its money is well spent. In doing so, GBs of maintained schools are required to set a balanced budget each year.
- 17 While the responsibility for a schools' finances rest with the Governing Body, the Local Authority has taken various action to support schools in this including:
 - Continued to operate a licensed deficit framework, enshrining all party's responsibilities and input into the process from first identifying the need to set a deficit budget to approval, monitoring and elimination of the deficit.
 - Continued the operation of finance training programme.
 - Continued and improved upon the financial tools schools have available to support their work on the finances.
- 18 Whilst the financial situation in Southwark's schools is challenging, national benchmarking shows the level of difficulties our schools face. The figures below are based on the latest national data for the 2023-24 financial year and refer to all LA Maintained schools. Southwark has the:
 - 30th highest amount of deficit in England (out of 152) down from 13th in 22-23. With total deficit held of £1.7 million, down from £3.6 million. This large reduction partly reflects academisations and closures of schools with deficit balances.
 - 50th highest proportion of schools in deficit in England, down from 48th in 22-23. Of Southwark's schools in 23-24, 19% were in cumulative deficit. Excluding City of London authority which has 1 Primary in the data, the Inner London average was 25%

Conclusion

- 19 There remains an extremely challenging position for Southwark schools with continuing falls in pupil numbers, with further declines anticipated over the coming years. As a result, we have seen the number of schools in deficit rise in the year ending 31 March 2025. Going forward, there will continue to be a significant pressure on school budgets, and it is likely that schools' financial positions could deteriorate in the long term if no action is taken by schools to continue tightening

financial management. Work also needs to continue to address the oversupply of places in Southwark.