

Schools Forum meeting: 6 December 2023

Report number: 10b

Item number: 4b

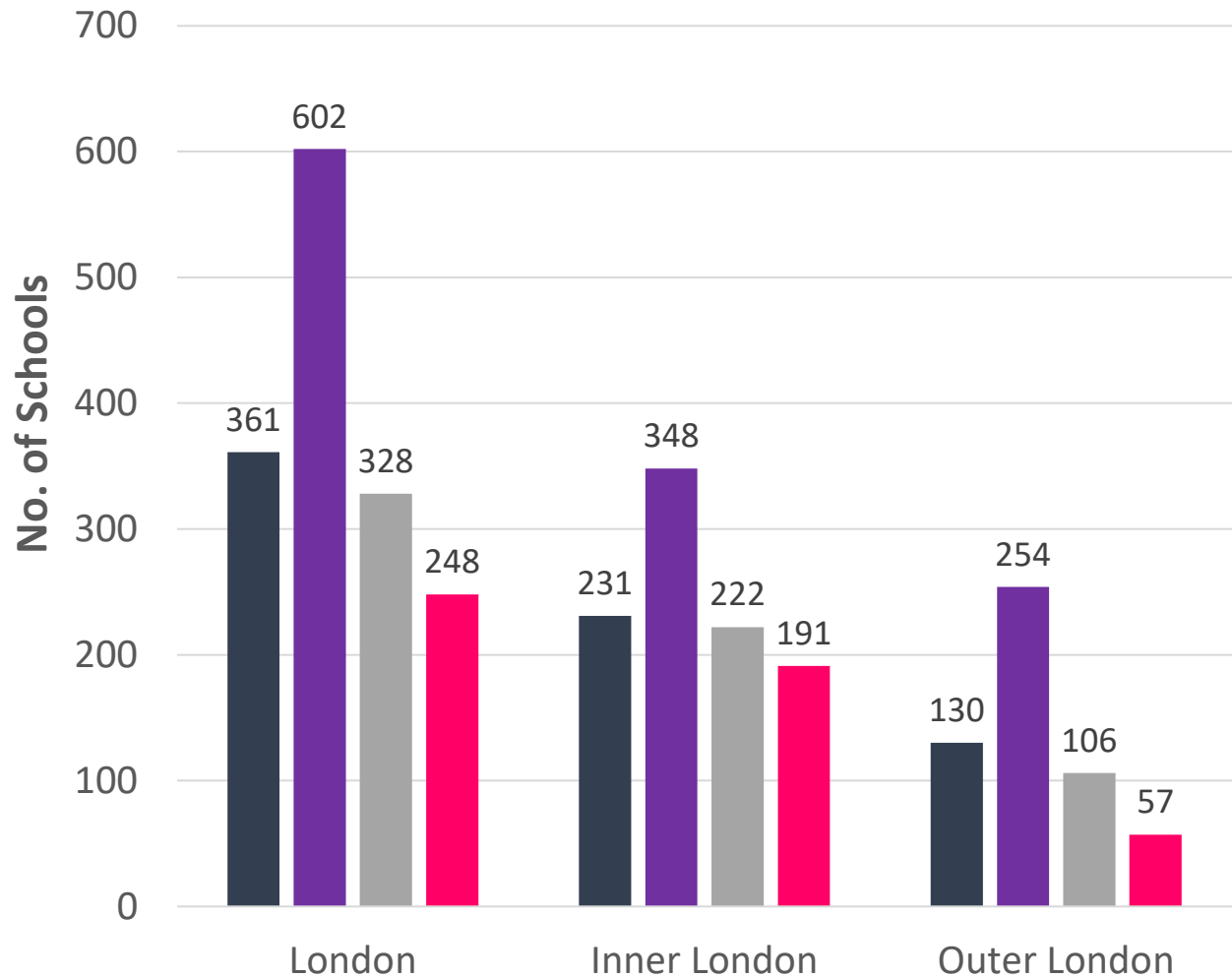
School Finances & School Places

November 2023

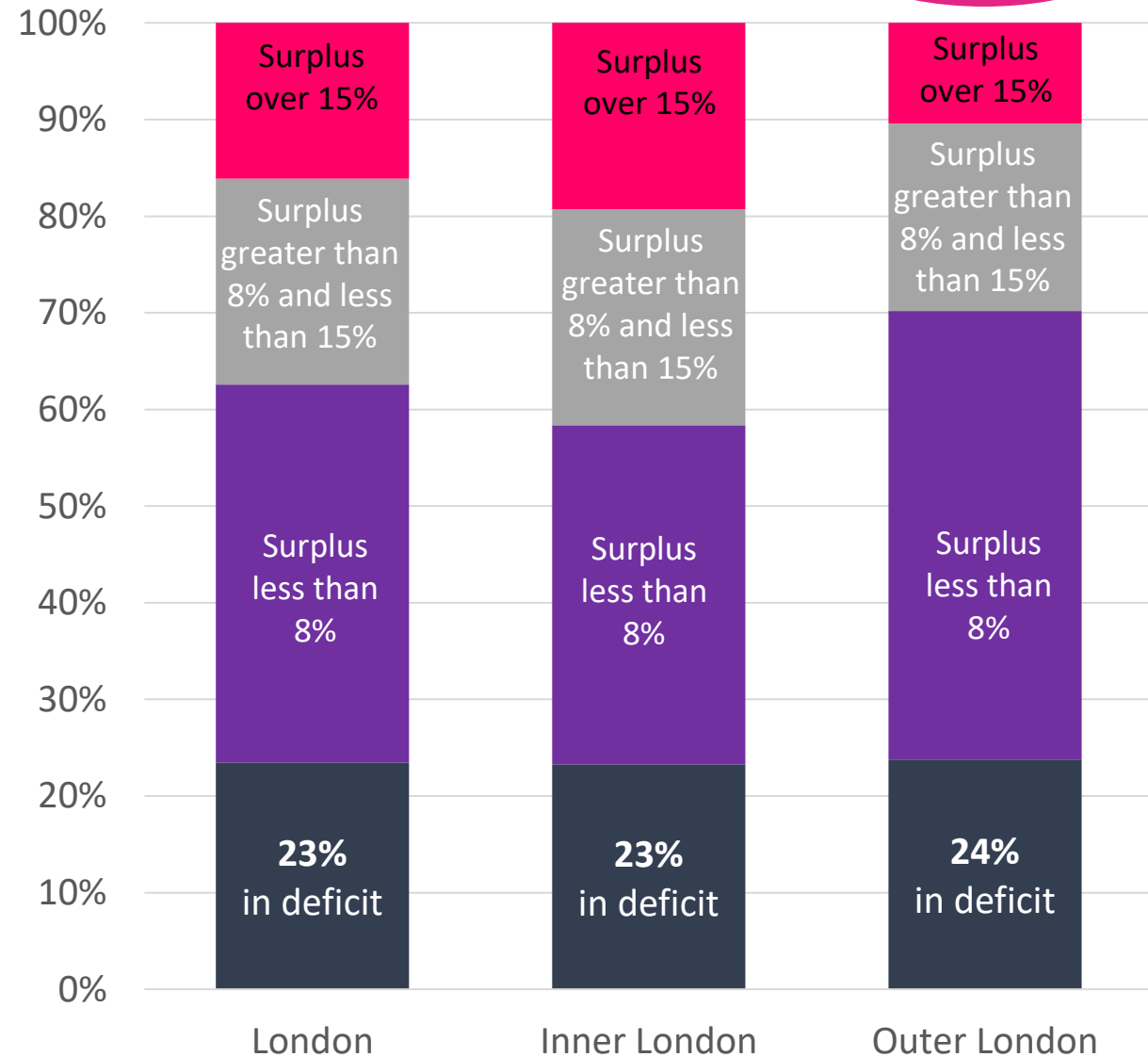
School Deficits Survey

- In September 2023 London Councils sent out a survey to investigate funding pressures across London's schools. 31 boroughs responded.
- In 2022-23, approximately $\frac{1}{4}$ of all maintained schools in London are in deficit.
- The majority of London's maintained schools are either in deficit or have less than 8% surplus budgets.
- There doesn't appear to be a clear correlation between school place demand and areas with the most deficits, which suggests that other factors are also contributing to pushing schools into deficit.

Maintained school balances (2022-23)



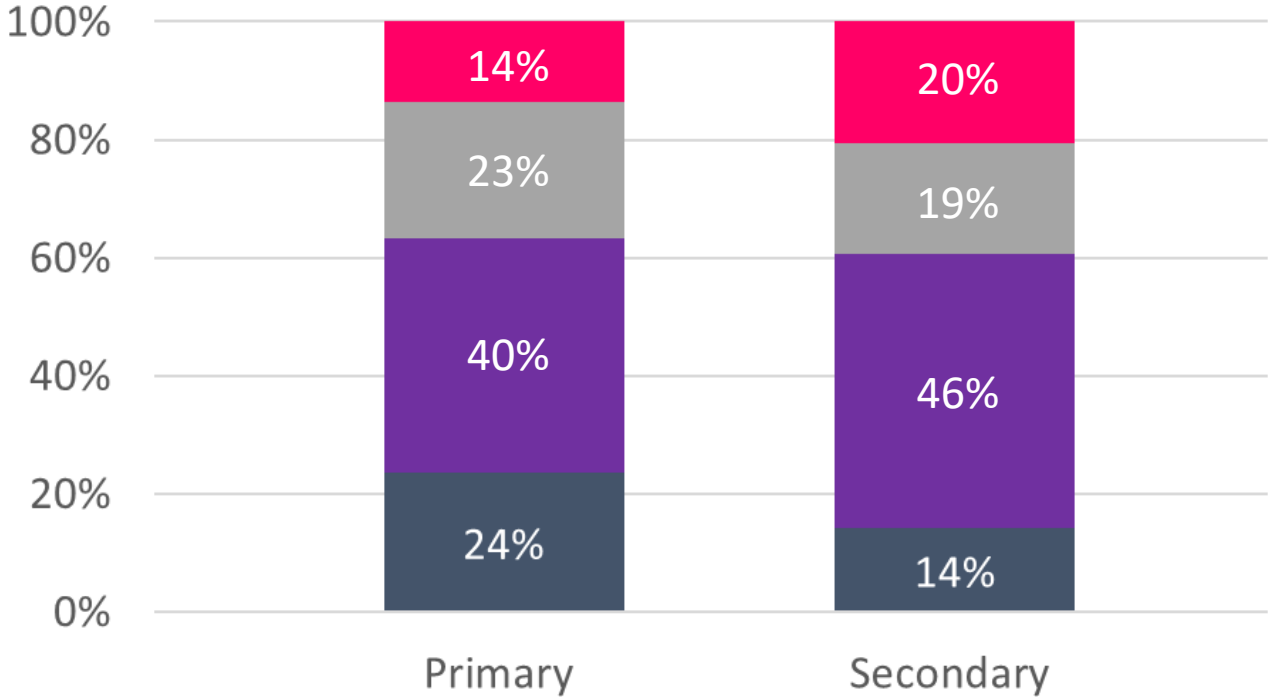
- Schools in deficit
- Schools with surplus balances < 8% of their budget
- Schools with surplus balances > 8% and < 15% of their budget
- Schools with surplus balances > 15% of their budget



Across primary and secondary, those with surplus balances within 8% of their budget constitute the largest share of their school type across London.



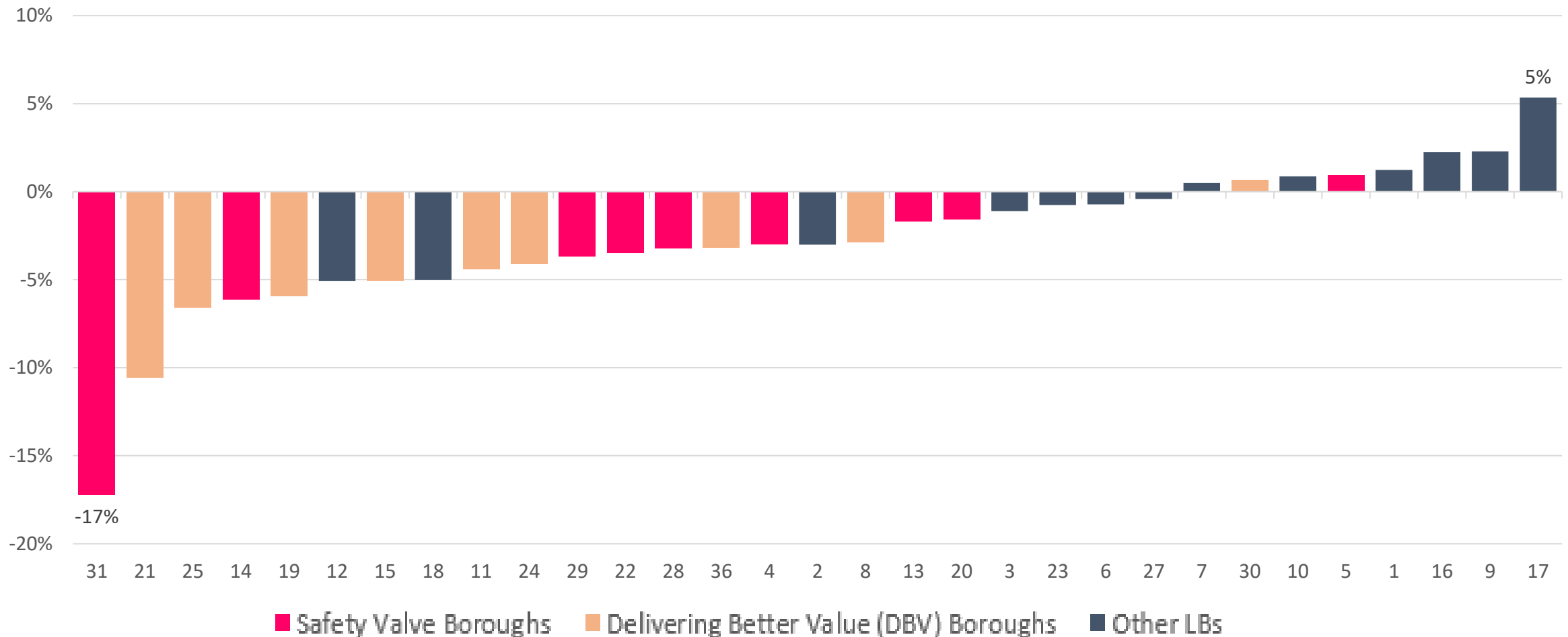
Percentage of Primary and Secondary Schools in Deficit and Surplus (2022-23)



- Schools with surplus balances > 15% of their budget
- Schools with surplus balances > 8% and < 15% of their budget
- Schools with surplus balances < 8% of their budget
- Schools in deficit

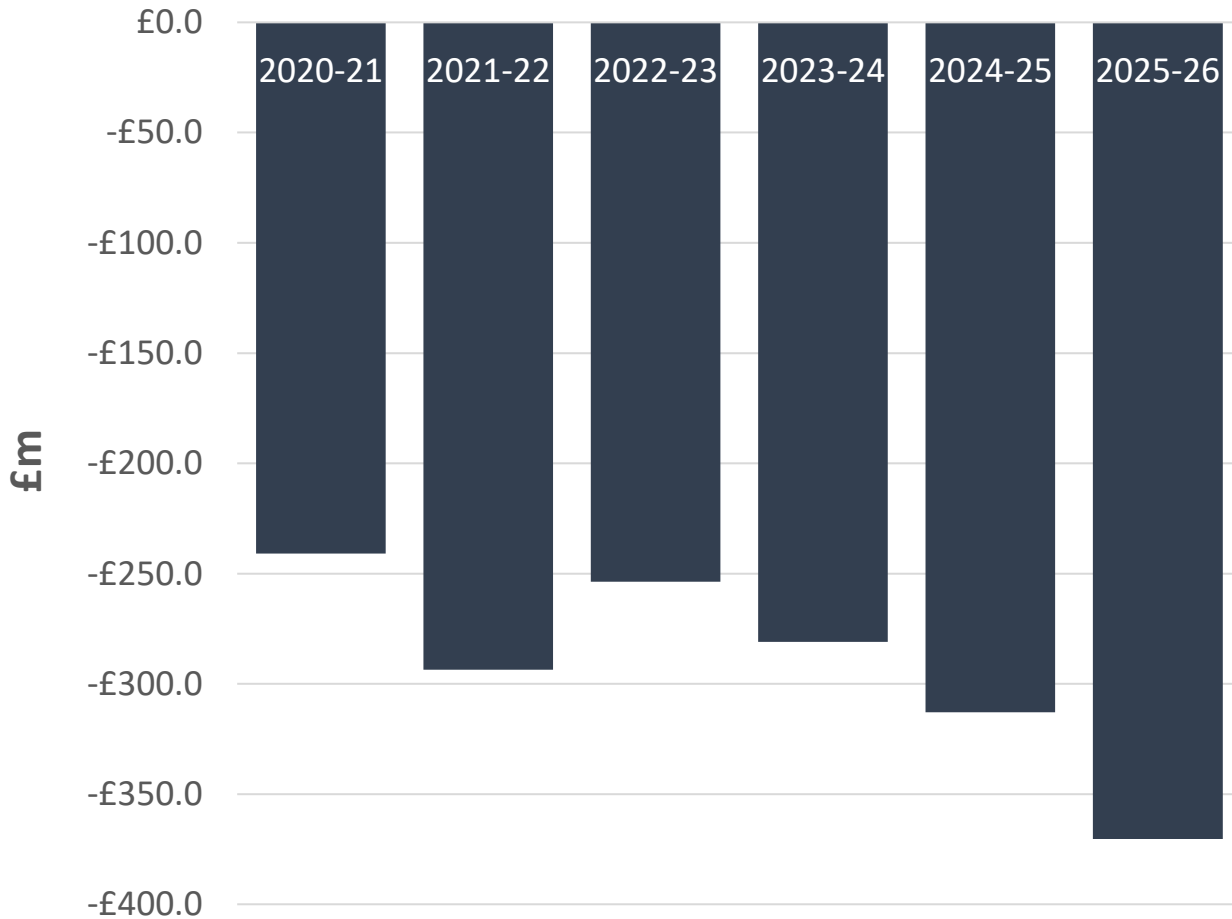
- For the 31 LBs who responded, forecast accumulated surplus/deficits as % of their DSG allocation range from **-17% to +5%** in 2023-24.
- The London average stands at **-3%**.

Borough breakdown of DSG Deficit as a % of overall DSG allocation (2023-24)

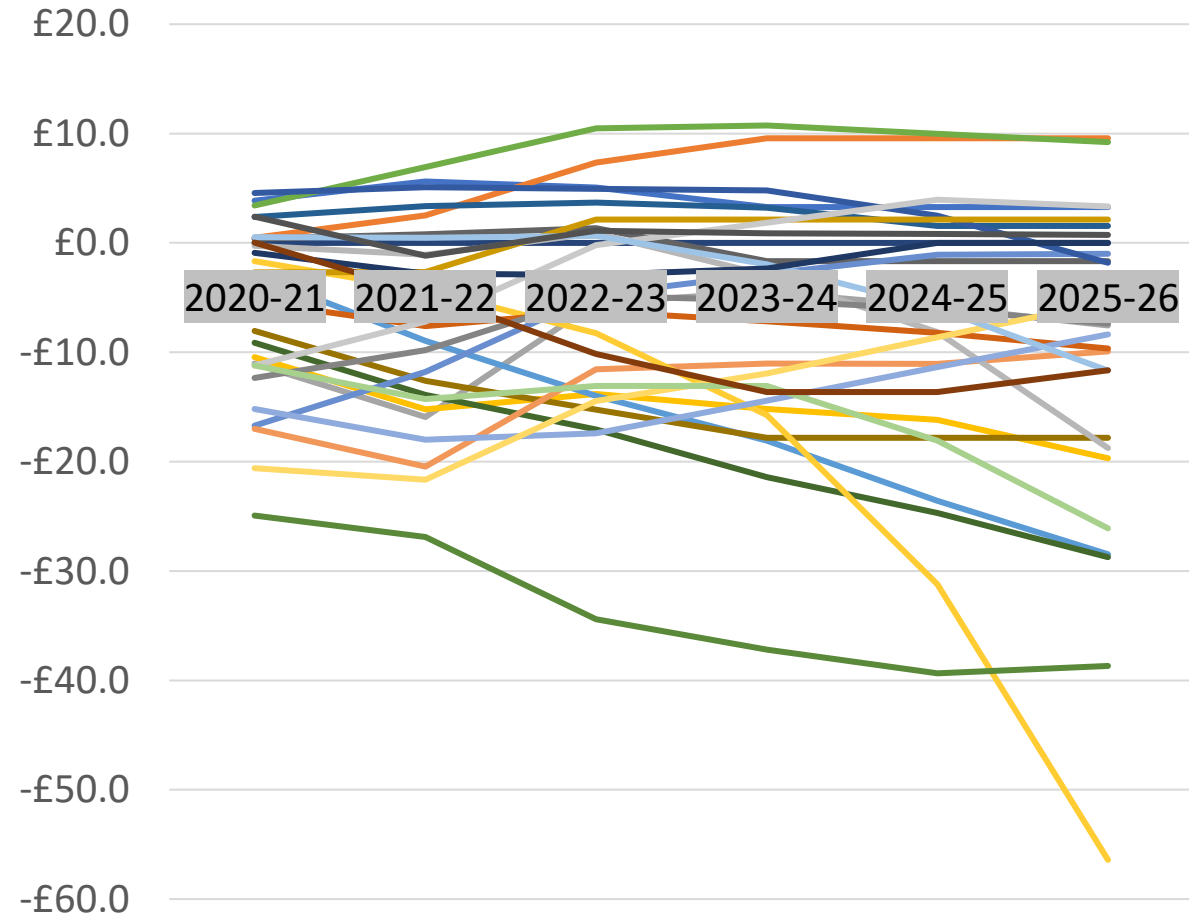


- By 2025-26, it is estimated that London boroughs overall will face an accumulated deficit of -£370.3m, £129m further into deficit than its 2020-21 position.
- In 2025-26, 23 LBs are projecting an overall DSG deficit.

London accumulated DSG Deficits over time



Borough breakdown of accumulated DSG deficit over time



N.B. Pan-London deficit figures exclude boroughs forecasting surplus budgets.

Additional DfE funding for schools in financial difficulty

- £40m of additional funding will be made available in 2023-24, of which £20m will go to LAs with the most significant maintained school deficits. The remaining £20m will be used to top up the existing financial support to academies.
- 12 of the 35 selected LAs are London boroughs. London will receive £5.8m of the £20m made available, equivalent to c. 29% of the total additional funding.
- The Department currently has no plans to provide similar additional fund in 24-25.
- The funding distributed to London equates to only c. 2% of its total forecasted deficit position in 23-24 (accumulated deficits of £281m).

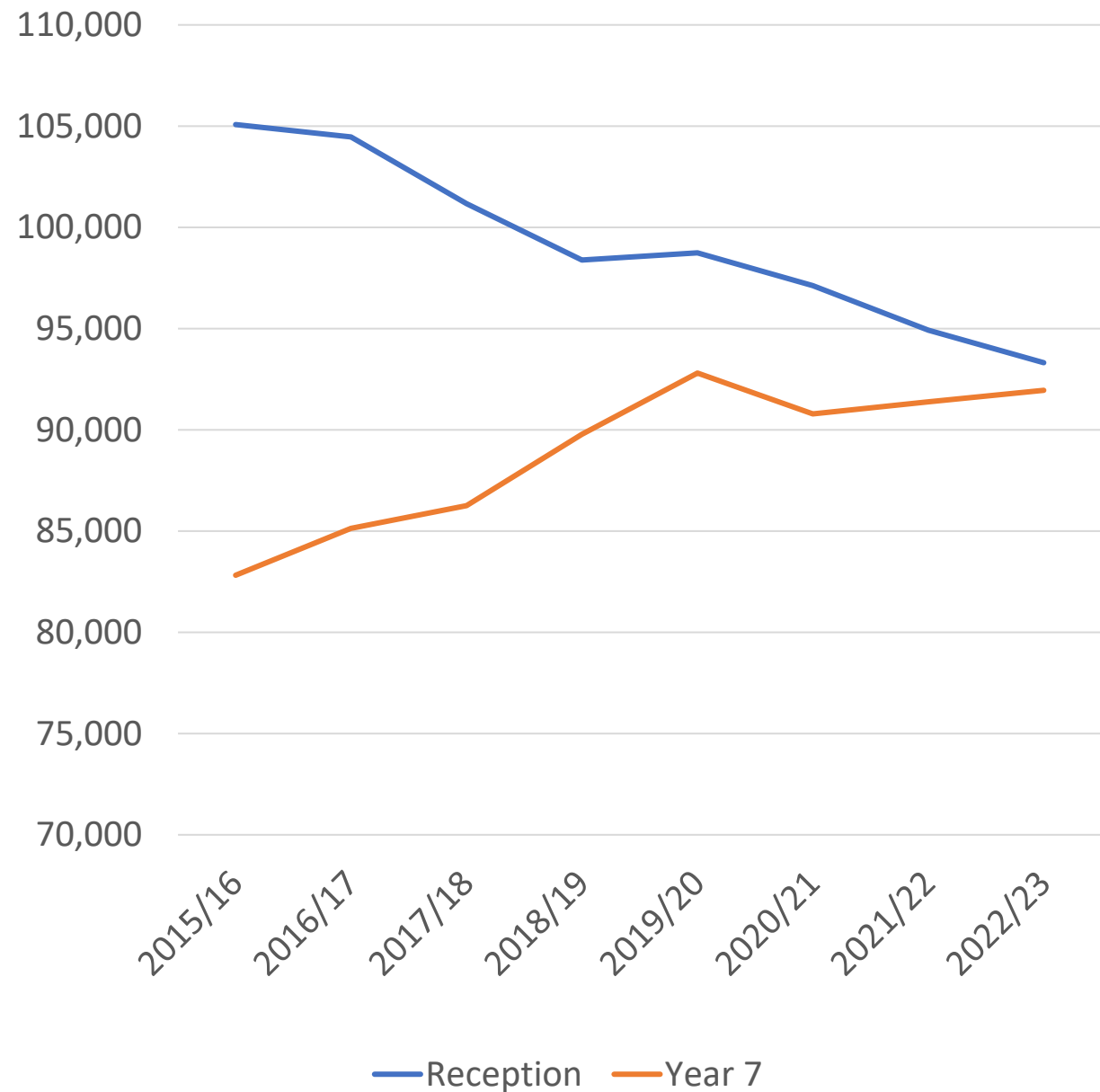
School Places Survey

- London Councils published its report [Managing Surplus School Places in London \(2023\) | London Councils](#) that includes analysis of the borough four year forecasts of demand for reception and Year 7 school places, as well as a policy implications of this analysis and recommendations for central and local government on how we need to work together to mitigate impact of these challenges.
- We have updated the figures with the 2023-24 SCAP returns.
- We received SCAP returns for mainstream schools from all 32 boroughs.

Percentage Change in Total Number of Live Births 2008 - 2021



London pupil headcount from school census



Key headlines from this year's SCAP data

- Between 23/24 and 27/28, there is a forecast drop in demand of 4.4% (reception) and 4.3% (Y7) average across London – this masks some larger decreases, but includes a small number of areas of growth.
- Demand is broadly in line with the decrease in the birth rate but some areas have experienced more of a drop due to changes in the local population.
- When comparing the data from 2022 SCAP returns, it seems that the overall picture for reception has slightly improved, while it has got slightly worse for the year 7 student population.
- There is quite a sizeable inner-outer London difference. Inner London boroughs are projecting 8% drop at reception level and a 6.7% drop at Y7 level, while outer London boroughs are projecting a respective 3.1% and 3.4% drop.

Most boroughs expect to see a decline in reception pupil numbers from 2023-24 to 2027-28

- Overall, there's less of a projected decline for reception compared to last year's projections (4.4% this year compared to 7.3%).
- There is considerable range across the boroughs at reception level (-17.5% to +26.9%).
- Inner London boroughs are expected to experience this drop most intensely.

Percentage Change in Reception student Numbers
from 2023-24 to 2027-28

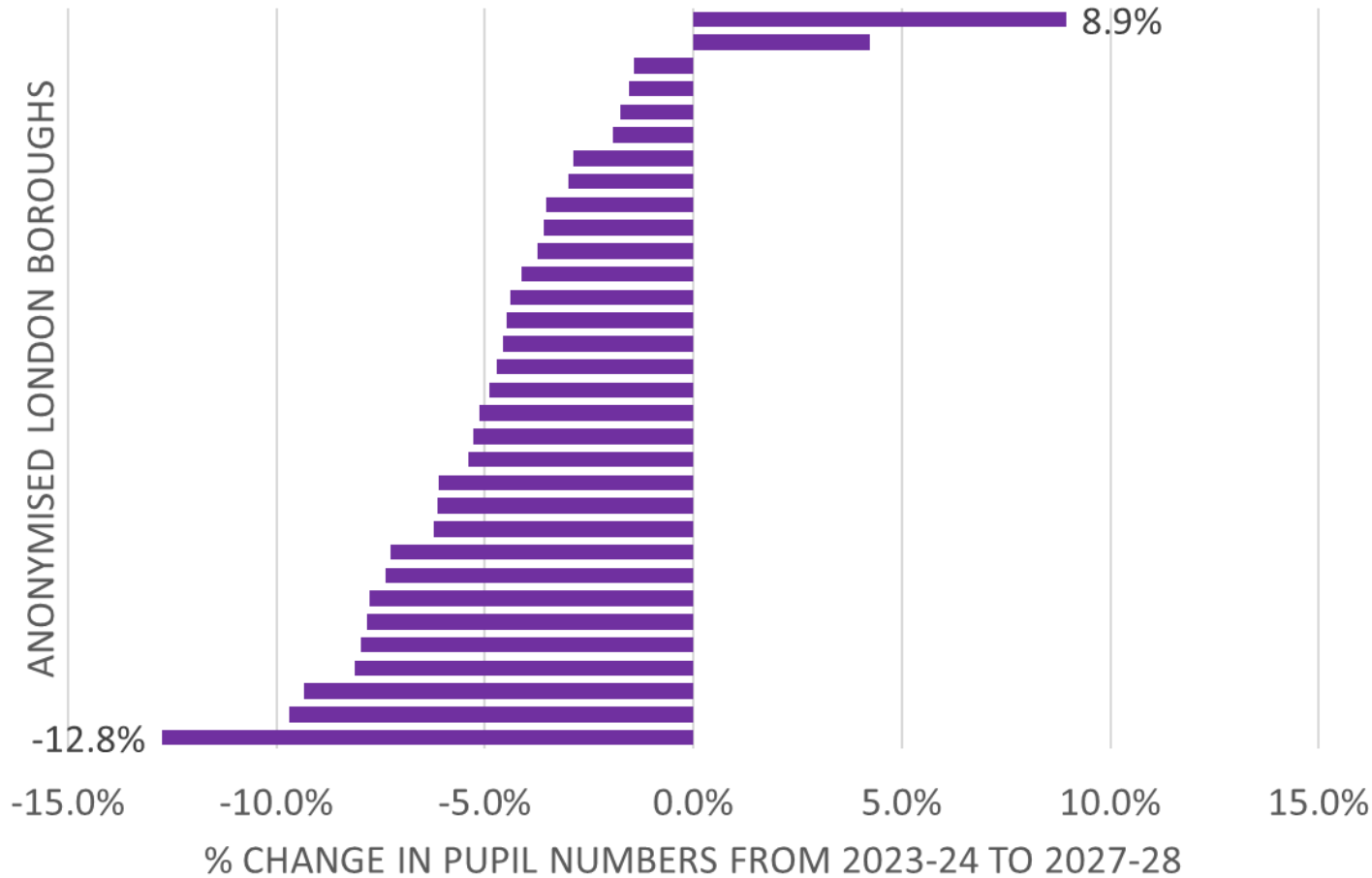


	Reception student number change from 2023-24 to 2027-28
London total	-4.4%
Inner	-8.0%
Outer	-3.1%
North Central	-2.5%
North East	-5.9%
North West	-7.0%
South East	-4.8%
South West	-2.7%

London is expected to see a 4.3% drop in Year 7 pupils between 23/24 and 27/28

- This is more of a decline for Y7 compared to last year's figures which projected a 3.5% drop.
- Only 2 boroughs are due to see an increase from 2023-24 to 2027-28.

Percentage Change in Y7 student Numbers from 2023-24 to 2027-28



	Y7 student number change from 2023-24 to 2027-28
London total	-4.3%
Inner	-6.7%
Outer	-3.4%
North Central	-3.2%
North East	-4.5%
North West	-5.5%
South East	-5.6%
South West	-2.9%

Key messages

- Local authorities are working hard with schools to mitigate impact of falling rolls on children. However, schools with declining rolls are facing more financial pressure, on top of existing **budgetary challenges**. Some may have to close or merge with other schools.
- We are concerned about the long term impact this turbulence will have on **school standards**.
- We are calling for the government to give local authorities **more powers** over admissions/ places planning system, including managing reductions in pupil numbers in all local schools.
- Demand for school places is cyclical so there is a need to **protect education assets** for the next increase in birth rate and subsequent rise in demand for school places.
- London Councils and the APPG for London secured a **debate in Parliament** on 7 June on the drop in demand for school places in London. As a follow up, on 18 October Florence and Cllr Kaya Comer-Schwartz met with the Minister for schools.
- **Lead Members** discussed school places and finances on 2 November and flagged the importance of continuing to lobby for more powers re places planning and the need for boroughs to have **local plans / strategies** in place. They noted the need to keep an eye on schools with small surplus budgets.

Any questions?