

SCHOOLS FORUM AGENDA ITEM

For Action For Information

Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report presents the position of revenue balances held by maintained schools at 31 March 2019.

Date (s) of any Previous Discussion at the Forum

The Forum received information on the position of school balances held at 31 March 2018 on 23 May 2018.

Background / Context

The financial year for maintained schools runs from 1 April to 31 March. At the end of each financial year, schools are required to 'closedown' their accounts and to finalise the values of revenue and capital balances held at this point. This information is forwarded to the DfE and is publicly published. The Authority's Deficit Budget Protocol is in place to manage schools that hold (or forecast to hold) deficit revenue balances. Maintained schools are permitted to carry forward surplus revenue balances. However, maintained schools with revenue balances of a value in excess of 4% (Secondary) or the greater of £60,000 or 6% (all other schools but with additional flexibility for high needs providers) of funding must comply with the Authority's Surplus Balances Protocol, which requires schools to assign the values of excess balances to spend on permitted schemes. The types of expenditure for which balances above the thresholds can be held are restricted to the following:

- A revenue contribution to an agreed capital scheme, only where capital resources are not sufficient.
- A revenue contribution to a 'spend to save' scheme, including energy efficiency schemes.
- Balances earmarked to support the costs incurred by the review of contracts of a significant value, where expenditure is not even year on year, including Building Schools for the Future.
- Managing the costs of expansion of pupil numbers.
- Managing financial difficulties associated with a budget reduction in the following financial year, resulting from either a significant reduction in pupil numbers or a loss or significant reduction of a specific funding stream.
- Managing exceptional circumstances in such a way as to avoid significant financial turbulence that may impact on standards. This may include, for example, outcomes of HR processes.

Details of the Item for Consideration

Please see Appendix 1 for a full list of maintained school balances held at 31 March 2019. We are not able at this time to separate within the figures the values of balances held by each school that relate to collaborative arrangements. This information will not be available until final CFR returns have been submitted by schools in early June. The table below summarises the overall positions for each phase and gives a comparison against the absolute positions at 31 March 2018.

	March 2019	March 2018	£ Difference
Nursery	£651,525	£853,790	- £202,265
Primary	£7,649,069	£6,693,814	+ £955,255
Secondary	- £509,224	- £1,537,811	+ £1,028,587
Special	£968,760	£654,155	+ £314,605
PRUs	£431,956	£457,141	- £25,185
Total	£9,191,087	£7,121,089	+ £2,069,998

Please note that the totals above are affected by the reduction in the number of maintained schools as schools convert to academy status. Balances held by academies are not included within the Authority's reporting. At 31 March 2019, 17 fewer schools were maintained by the Local Authority than at 31 March 2018. The 17 schools that have converted to academy status during 2018/19 held revenue balances in total of £1.014m at 31 March 2018.

The table below gives an analysis of the balances positions by phase having removed the 'distorting' effect of the conversion of maintained schools to academies during 2018/19:

Details of the Item for Consideration

	March 2019	March 2018	Difference
Nursery	£651,525	£853,790	- £202,265
Primary	£7,649,069	£5,731,239	+ £1,916,830
Secondary	- £509,224	-£1,537,811	+ £1,028,587
Special	£968,760	£654,155	+ £314,605
PRUs	£431,956	£405,405	+ £26,551
Total	£9,191,087	£6,106,778	+ £3,084,309

The gross value of total surpluses held at 31 March 2019, by 103 schools, is £12.939m (which is + £3.579m on surpluses held at March 2018). The gross value of deficits held by 5 schools is £3.748m (which is + £0.495m on deficits held at March 2018).

The table above, and Appendix 1, present the following picture:

- The gross value of surplus balances held by the secondary sector in total at March 2019 has doubled on March 2018, explained significantly by the successful recovery of 2 schools from deficit as well as the holding of monies in support of PFI contractual settlement costs. The secondary sector is in deficit overall due to the position of 1 school, though the total net value of balances has improved by £1.03m.
- The total net value of balances held by primary schools has increased by £1.9m. 57 schools (2/3rds) have increased and 27 (1/3rd) schools have decreased their balances. 4 primary schools held revenue deficit balances at March 2019 (compared with 5 schools at March 2018) with 2 of these schools having also held deficit balances at March 2018.
- The total cash value of balances held by the PRUs is similar to that held at March 2018 but, within this, the positions of individual PRUs are varied. The balance held by 1 PRU has significantly increased, offset by sizeable reductions in the values held by 4 other PRUs. No PRUs held deficit balances.
- The total cash value of balances held by special schools has increased, with the balances held by all 4 schools having increased. No special schools held deficit balances.
- The total value of balances held by nursery schools has decreased overall. This decrease is mostly explained by reductions in the balances held by 2 schools. No nursery schools held deficit balances.

The table below shows the number of maintained schools by phase by revenue balance held at March 2019 as a % of funding:

	Nursery	Primary	Secondary	Special	PRUs
Deficit	0	4	1	0	0
Up to 1%	0	1	0	0	0
1% - 2%	0	5	1	0	0
2% - 4%	1	16	1	0	2
4% - 6%	2	29	2	1	1
6% - 8%	0	18	0	1	1
8% - 10%	0	8	1	1	0
10% - 20%	3	2	1	1	2
> 20%	1	1	0	0	0

The table below shows the median average value of net balance by phase:

	Median Mar 2019	Median Mar 2018	Change
Nursery	£60,382	£117,050	- £56,668
Primary	£79,904	£60,612	+ £16,292
Secondary	£396,906	£20,178	+ £379,728
Special	£238,814	£159,132	+ £79,682
PRUs	£52,924	£56,554	- £3,630
Total	£84,231	£72,552	+ £11,679

2/3rds of our 108 maintained schools (72 schools) increased the values of balances held at March 2019 compared with March 2018. At 31 March 2018 (last year), 27 maintained schools held balances above their Intended Use of Excess Balances Thresholds, with a total value of balances above these Thresholds of £1.40m. After legitimate adjustments, such as for balances held on behalf of other schools, external ring-fenced grants and later notification of funding payments, 15 maintained schools held what the Council's Surplus Balances Protocol defines to be an 'excess' balance, at a total value of £0.71m. 15 schools returned schemes, with the total value of schemes adding up to £0.98m.

Details of the Item for Consideration

The equivalent position at 31 March 2019 is 39 schools (+11 on March 2018) held balances above their Thresholds, at total value of £2.95m (+ £1.55m on March 2018). After legitimate adjustments have been made, 25 schools (+10 on March 2018) held what the Council's Surplus Balances Protocol defines to be an 'excess' balance, at a total value of £1.86m (+ £1.15m on March 2018). 26 schools (+9 on March 2018) have returned 32 schemes, with the total value of schemes adding up to £2.36m (+ £1.38m on March 2018). A breakdown of schemes by type is shown in the table below:

Type of Scheme	No. of Schemes	Total Value of Schemes
1 Revenue Contribution to Capital Scheme	11	£683,750
2 Revenue Contribution to Spend to Save	0	£0
3 Contracts Review (including PFI)	7	£1,020,000
4 Managing Places Expansion	2	£161,700
5 Managing Budget Reduction	8	£371,400
6 Managing Exceptional Circumstances	4	£124,350
Total	32	£2,361,200

8 schemes have elements that are planned to be completed after 31 March 2020. Of the 26 schools holding an excess balance at 31 March 2019, all appear to have properly assigned the value of excess and therefore, there are currently no proposals for clawback.

Recommendations

The Schools Forum is asked to note the information provided on maintained school balances.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Summary of Maintained School Revenue Balances at 31 March 2019.

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools)
01274 432678
andrew.redding@bradford.gov.uk