

## 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 2021.**

### **Date (s) of any Previous Discussion at the Forum**

The Forum receives information on the position of maintained school balances in summer term each year.

### **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.

As part of our COVID-19 pandemic response, the Authority suspended the application of the Surplus Balances Protocol at March 2020 and at March 2021 and did not require schools to submit returns. The Authority is currently having conversations with schools that held balances above their (not applied) thresholds to identify how these balances are planned to be used.

### **Details of the Item for Consideration**

The table below summarises the overall positions for each phase and gives a comparison against the absolute positions of balances held by maintained schools at 31 March 2020.

	<b>March 2021</b>	<b>March 2020</b>	<b>£ Difference</b>
Nursery	£1.353m	£0.964m	+ £0.389m
Primary	£10.549m	£7.517m	+ £3.032m
Secondary	- £2.077m	- £2.108m	+ £0.031m
Special	£2.925m	£1.284m	+ £1.641m
PRUs	£0.241m	£0.243m	- £0.002m
<b>Total</b>	<b>£12.991m</b>	<b>£7.900m</b>	<b>+ £5.091m</b>

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 2021, 14 fewer primary schools were maintained by the Local Authority than at 31 March 2020. The 14 schools that have converted to academy status during 2020/21 held revenue balances in total of £0.832m at 31 March 2020.

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 2020/21.

### Details of the Item for Consideration

	<b>March 2021</b>	<b>March 2020</b>	<b>Difference</b>
Nursery	£1.353m	£0.964m	+ £0.389m
Primary	£10.549m	£6.685m	+ £3.864m
Secondary	- £2.077m	- £2.108m	+ £0.031m
Special	£2.925m	£1.284m	+ £1.641m
PRUs	£0.241m	£0.243m	- £0.002m
<b>Total</b>	<b>£12.991m</b>	<b>£7.068m</b>	<b>+ £5.923m</b>

The total gross value of surpluses held at 31 March 2021, by 83 schools, is £17.896m (which is + £6.425m on surpluses held at March 2020). The gross value of deficits held by 3 schools is £4.905m (which is + £0.502m on deficits held at March 2020).

The total value of revenue balances held by maintained schools at the end of 2020/21 has increased. Revenue balances have increased in 77% of our 86 maintained schools (66 schools) at March 2021 compared with March 2020. Correspondingly, revenue balances have decreased in 23% (20 schools). The overall growth in the value of surplus balances is more complex in detail than appears on the surface. The growth of balances is somewhat concentrated. Balances increases in 12 of the 66 schools explains 51% of the growth in gross surpluses; balances in 26 of the 66 explains 75% of the growth.

We identify that there are a number of complicated factors that have contributed to this position, including the COVID-19 pandemic, and these factors have clearly impacted differently on the financial year end positions of schools. In discussing revenue balances with schools to date, we have identified that one of the key reasons for growth is that previously planned activity (and planned spending) has been delayed into 2021/22. We have also identified that schools are now carefully reviewing prior planned activities alongside new decisions to ensure that their use of their resources, including their balances, supports catch up activities. So we assess that the full extent of the impact on school budgets of the COVID-19 pandemic, since March 2020, will take further time to unwind. The financial implications of COVID-19 on the DSG, and on DSG funded schools and other providers, is a matter that the Schools Forum will continue to closely monitor.

The table above presents the following picture by phase at 31 March 2021:

- The total value of balances held by maintained nursery schools has increased. The balances of 5 out of 7 schools have increased. The balances of 2 schools have decreased, with 1 of these schools holding a deficit balance at March 2021.
- The total value of balances held by primary schools has increased. 53 schools (78%) have increased and 15 (22%) schools have decreased their balances. There are no primary schools holding revenue deficit balances at March 2021.
- The total net value of balances held by secondary schools in total at March 2021 is essentially the same as held at March 2020. Within this, 4 of 6 schools have increased their balances and 2 of 6 have decreased their balances. The secondary sector is in deficit overall due to the deficit position of 1 school. The deficit balance of this school has increased by £0.521m in 2020/21.
- The total value of balances held by the special schools has substantially increased at March 2021, with the balances held by all 3 schools increasing. No special schools held deficit balances.
- The total value of balances held by the 2 PRUs at March 2021 is essentially the same as held at March 2020. 1 PRU held a deficit balance, which will be supported (as planned) by the Schools in Financial Difficulty fund held within the High Needs Block. This PRU closed on 31 March 2021.

The table below shows the number of maintained schools by phase by revenue balance held at March 2021 as a % of funding:

	<b>Nursery</b>	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>PRUs</b>
Deficit	1	0	1	0	1
Up to 1%	0	1	0	0	0
1% - 2%	0	3	0	0	0
2% - 4%	0	4	1	0	0
4% - 6%	0	18	0	0	0
6% - 8%	0	9	3	0	0
8% - 10%	0	13	1	0	0
10% - 20%	3	19	0	2	1
> 20%	3	1	0	1	0

**Details of the Item for Consideration**

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

	<b>Median Mar 2021</b>	<b>Median Mar 2020</b>	<b>Change</b>
Nursery	£127,563	£98,455	+ £29,108
Primary	£119,407	£82,026	+ £37,381
Secondary	£610,500	£383,929	+ £226,571
Special	£1,001,806	£365,929	+ £635,877
PRUs	£102,643	£119,442	+ £1,202
<b>Total</b>	<b>£126,181</b>	<b>£93,313</b>	<b>+ £32,868</b>

**Recommendations**

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

**List of Supporting Appendices / Papers** (where applicable)

None

**Contact Officer** (name, telephone number and email address)

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