



Schools Forum

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Venue: Shrewsbury
Training and Development
Centre

Paper

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Public

School Balances as at March 2017

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Summary

This report analyses the actual levels of individual local authority maintained schools' balances at March 2017 and compares these with the previous year's position.

Recommendation

This report is for information only. It provides information on the actual levels of individual local authority maintained schools' balances as at 31 March 2017.

REPORT

Background

1. Schools' surplus balances at the end of each financial year are carried forward and earmarked specifically for each individual school's use.
2. Deficit balances are also carried forward and set against the individual school's budget for the following year except where a school becomes a sponsored academy. In these instances any deficit remains with the local authority. Any school planning a deficit budget has to agree a licensed deficit arrangement with the local authority stipulating how and when the school will move out of a deficit position.
3. All such requirements are contained within Shropshire's approved Scheme for the Financing of Schools. The Scheme includes a schools' balance control mechanism, as agreed by Schools Forum, which requests the local authority report on, control and claw-back, where appropriate, schools' excessive surplus balances. This is a mechanism to remove excessive balances from schools where they cannot demonstrate that they are properly assigned. Any such claw-back of balances is recycled within Shropshire's overall Schools' Budget.

Actual levels of schools' balances as at 31 March 2017

4. The overall level of school balances held by maintained schools in Shropshire has reduced over the last financial year by £873,637 (12%) to a total balance of £6,277,004.
5. Appendix A sets out detailed school by school information on the levels of individual schools' balances. The data is presented in order of percentage size of balance compared to the total school revenue funding, as used in the control on balances mechanism.
6. A summary of Appendix A is given in the table below:

	March 16 Number of Schools	Balance March 2016 £	March 17 Number of Schools	Balance March 2017 £	Variance	
					£	%
Primary Schools						
In Deficit	4	-186,235	4	-8,495	177,740	-95%
In Surplus	114	6,812,910	108	5,976,338	-836,572	-12%
Net Total	118	6,626,675	112	5,967,843	-658,832	-10%
Secondary (inc All-Through) Schools						
In Deficit	3	-690,964	2	-482,689	208,275	-30%
In Surplus	5	1,119,110	5	789,799	-329,311	-29%
Net Total	8	428,146	7	307,110	-121,036	-28%
Special Schools						
In Deficit	1	-3,207	1	-11,375	-8,168	255%
In Surplus	1	99,027	1	13,426	-85,601	-86%
Net Total	2	95,820	2	2,051	-93,769	-98%
All Schools						
In Deficit	8	-880,406	7	-502,559	377,847	-43%
In Surplus	120	8,031,047	114	6,779,563	-1,251,484	-16%
Net Total	128	7,150,641	121	6,277,004	-873,637	-12%

7. During the financial year 2016-17, one all-through school and 6 primary schools transferred to academy status. This takes the total number of Shropshire maintained schools from 128 at March 2016 to 121 at March 2017.

Surplus Balances

8. Overall surplus balances have reduced by £1,251,484 (16%) during the year. The reduction in overall surplus balances relates to all sectors.
9. Primary school surplus balances have reduced over the year by £836,572 (12%), secondary school surplus balances have reduced by £329,311 (29%) over the

year and special school surplus balances have reduced by £85,601 (86%) over the year.

Deficit Balances

10. Overall deficit balances have reduced by £377,847 (43%), this follows a 35% reduction to deficit balances in 2015-16. Deficit balances have reduced in both the primary and secondary sectors but have increased slightly in the special sector.
11. Primary school deficit balances reduced overall by £177,740 (95%) over the 2016-17 financial year. The number of primary schools in deficit remained at four although one school's deficit balance was as a result of outstanding Early Years funding which was not identified until after the closedown of accounts process. The school's balance would have been recorded as a small surplus had the Early Years funding been accounted for correctly.
12. Of the four schools in deficit at March 2016, two fully repaid their deficits and two converted to academy and hence will take their deficit balances with them.
13. One of the academy convertors has requested the Education and Skills Funding Agency (ESFA) review the deficit balance determined by the local authority. The outcome of the review is expected by the middle of June.
14. The four primary schools in deficit at March 2017 held surplus balances at the end of the previous year. As explained above, one school's deficit balance is a result of un-accrued income. The other three primary schools moved into a deficit position without the agreement of the local authority. One of these converted to an academy on the 1 April 2017 and will take their deficit balance with them. Appropriate action is being taken with the remaining two maintained primary schools with unlicensed deficits.
15. Secondary school deficit balances reduced overall by £208,275 (30%) over the year. The number of secondary schools in deficit reduced from three at March 2016 to two at March 2017. One secondary school moved from a deficit balance to a surplus whilst the two secondary schools remaining in deficit both reduced their deficits in year.
16. The local authority continues to require schools with deficit balances to report their financial position to the local authority on a termly basis. Termly monitoring meetings are held between the local authority's School Funding Policy Officer and the schools. As and when necessary, headteachers, school business managers and chairs of governors/chairs of finance are called in to meetings with the Commissioner for Education Improvement and Efficiency.