



Schools Forum

Date: 18 June 2015

Time: 8:30 a.m.

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

School Balances as at March 2015

Responsible Officer Gwyneth Evans

e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 253875 Fax: 01743 254538

Summary

This report analyses the actual levels of individual schools' balances as at March 2015 and compares these with the previous year's position.

Recommendation

This report:

- provides information on the actual levels of individual maintained schools' balances as at 31 March 2015
- recommends Schools Forum support the local authority in raising awareness in Shropshire maintained schools of the protocol for schools planning and managing a deficit budget.

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 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 to 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 the overall Schools' Budget.

Actual levels of schools' balances as at 31 March 2015

4. The overall level of schools' balances in Shropshire reduced over the last financial year by £1,249,120 (22%) to a total balance of £4,422,917.
5. The attached appendix sets out detailed school by school information on the levels of individual schools' balances. The spreadsheet is presented in order of percentage size of balance compared to the total school revenue funding used in the control on balances mechanism.
6. A summary of the appendix is given in the table below:

	March 2014 Number of Schools	Balance March 2014 £	March 2015 Number of Schools	Balance March 2015 £	Variation over March 2014 Balance	
					£	%
Primary						
In Deficit	9	-268,185	8	-238,021	30,164	-11
In Surplus	117	4,888,928	115	4,985,228	96,300	2
Net Total	126	4,620,743	123	4,747,207	126,464	3
Secondary (inc All-Through)						
In Deficit	4	-1,590,992	3	-1,115,242	475,750	-30
In Surplus	8	1,738,141	6	722,726	-1,015,415	-58
Net Total	12	147,149	9	-392,516	-539,665	-367
Special						
In Deficit	1	-1,535	0	0	1,535	-100
In Surplus	2	905,680	2	68,226	-837,454	-92
Net Total	3	904,145	2	68,226	-835,919	-92
All Schools						
In Deficit	14	-1,860,712	11	-1,353,263	507,449	-27
In Surplus	127	7,532,749	123	5,776,180	-1,756,569	-23
Net Total	141*	5,672,037	134**	4,422,917	-1,249,120	-22

*The total number of special schools recorded in the table above at March 2014 includes one special school which converted to academy status towards the end of the financial year but their revenue balance remained in SAMIS at this point. Therefore the actual number of Shropshire maintained schools at March 2014 is 140.

**The total number of primary schools recorded in the table above at March 2015 includes two primary schools which converted to academy status towards the end of the financial year but their revenue balance remained in SAMIS at this point. Therefore the actual number of Shropshire maintained schools at March 2015 is 132.

7. During the financial year 2014-15, three secondary schools and five primary schools transferred to academy status. This reduces the total number of Shropshire maintained schools from 140 to 132.

Surplus Balances

8. Overall surplus balances have reduced by £1,756,569 (23%). The reduction relates to the secondary and special sectors.

9. Secondary school surplus balances have reduced by £1,015,415 (58%) over the year. Over half of this (65%) is due to two secondary schools converting to academy status during the year and taking their surplus balances with them.
10. Special school surplus balances have reduced by £837,454 (92%) over the year as a result of one special school balance transferring to the special academy.
11. Primary school surplus balances have increased slightly over the year by £96,300 (2%).

Deficit Balances

11. Overall deficit balances have reduced by £507,449 (27%) reflecting a reduction in the primary, secondary and special sectors.
12. However, the secondary school deficit balance reduction of £475,750 includes the removal of one deficit balance of £736,576 recorded at March 2014 (sponsored academy). Therefore overall deficit balances of maintained secondary schools have increased within the year by £260,826. Two secondary schools increased their deficit balances, one secondary school moved out of deficit into surplus and one secondary school moved from a surplus to a deficit position between March 2014 and March 2015.
13. Primary school deficit balances reduced overall by £30,164 over the year. Two primary schools' deficit balances were removed as they related to a closed school and a sponsored academy, five primary schools managed their deficit balance in line with their deficit recovery plan, three primary schools increased their deficit without the approval of the local authority and three primary schools moved into a deficit position from a surplus position without a licensed deficit agreement with the local authority.
14. The local authority has procedures in place to provide challenge and support to schools in deficit and, where known, schools heading towards a deficit budget position. The local authority has intervened in several instances to work with schools to ensure their budget remains in a surplus position or in line with their deficit recovery plan. There are several positive examples of the local authority working with schools throughout the year to prevent a deficit budget position from occurring and two examples of schools (one primary and one secondary) that have achieved a surplus balance a year earlier than their original agreed deficit recovery plan allowed.
15. However there remain a few cases where schools have not complied with the requirements of their deficit recovery plans or have moved unexpectedly into a deficit position at the year-end without notifying or seeking approval from the local authority. Where schools have not notified or sought approval for a deficit from the local authority the headteachers, school business managers and chairs of governors/chairs of finance have been called in to a meeting with the Head of Education Improvement and Efficiency and the School Funding Policy Officer to explain their actions and provide evidence of full pay back in the 2015-16 financial year.

16. The local authority continues to require schools with significant 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. If and when necessary, headteachers, school business managers and chairs of governors/chairs of finance are called in to meetings with the Head of Education Improvement and Efficiency.
17. Whilst the new additional funding for Shropshire schools in 2015-16 will ease the pressure on some school budgets there remain many schools facing falling rolls, or previously dependent on minimum funding guarantee protection, that will continue to face budget challenges and the role of the local authority in supporting and challenging schools will continue.
18. From recent conversations with schools it is evident that there are headteachers and governing bodies that remain unaware of the local authority's protocol for schools planning and managing a deficit budget. The protocol is available to all Shropshire maintained schools on the Shropshire Learning Gateway, has been an agenda item on CPG and is referred to within the budget planning guidance notes provided to schools by the local authority each year. This report recommends that Schools Forum support the local authority in raising awareness of the protocol in Shropshire maintained schools through a letter to all headteachers and governing bodies.