



Schools Forum

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Training and Development
Centre

Paper

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Public

School Balances as at 31 March 2016

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Summary

This report analyses the actual levels of individual local authority maintained schools' balances at March 2016 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 2016.

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 2016

4. The overall level of schools' balances in Shropshire has increased over the last financial year by £2,727,724 (62%) to a total balance of £7,150,641. This increase in balances follows a previous reduction in overall school balances and, in part, reflects the additional £10m included in school budget shares in 2015-16.
5. The attached confidential appendix 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 the appendix is provided in the table below:

	March 2015 Number of Schools	Balance March 2015 £	March 2016 Number of Schools	Balance March 2016 £	Variation over March	
					2015 balance £	%
Primary Schools*						
In Deficit	8	-238,021	4	-186,235	51,786	-22
In Surplus	115	4,985,228	114	6,812,910	1,827,682	37
Net Total	123	4,747,207	118	6,626,676	1,879,469	40
Secondary (inc All-Through) Schools						
In Deficit	3	-1,115,242	3	-690,964	424,278	-38
In Surplus	6	722,726	5	1,119,110	396,384	55
Net Total	9	-392,516	8	428,146	820,662	-209
Special Schools						
In Deficit	0	0	1	-3,207	-3,207	-
In Surplus	2	68,226	1	99,027	30,801	45
Net Total	2	68,226	2	95,819	27,593	40
All Schools						
In Deficit	11	-1,353,263	8	-880,406	472,857	-35
In Surplus	123	5,776,180	120	8,031,047	2,254,867	39
Net Total	134	4,422,917	128	7,150,641	2,727,724	62

*The total number of primary schools recorded in the table above at March 2015 includes 2 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 was 132.

7. During the financial year 2015-16, 1 secondary school and 3 primary schools transferred to academy status. This takes the total number of Shropshire maintained schools from 132 to 128.

Surplus Balances

8. Overall surplus balances have increased by £2,254,867 (39%) reflecting the additional £10m fair funding allocation received by Shropshire schools in 2015-16. The increase in balances relates to all sectors.

9. Primary school surplus balances have increased over the year by £1,827,682 (37%), secondary school surplus balances have increased by £396,384 (55%) over the year and special school surplus balances have increased by £30,801 (45%) over the year although one special school moved from a surplus to a deficit position.

Deficit Balances

10. Overall deficit balances have reduced by £472,857 (35%), a result of reductions in both the primary and secondary sectors.
11. Primary school deficit balances reduced overall by £51,786 (22%) over the year. The number of primary schools in deficit also reduced from eight to four. Of the four schools in deficit at March 2016, one reduced its deficit over the year in line with its licensed deficit agreement with the local authority, one reduced its deficit but did not fully recover it as required by the local authority, and two schools moved into a deficit position from a previous surplus position without agreement from the local authority. Appropriate action is being taken with the three schools with unlicensed deficits.
12. Secondary school deficit balances reduced overall by £424,278 (38%) over the year. The number of secondary schools in deficit remained at three however, during the year, one school in deficit converted to academy status and took their deficit with them and one secondary school moved from a previous surplus position to a deficit position in agreement with the local authority.
13. 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.
14. The additional £10m revenue funding for Shropshire schools in 2015-16 clearly eased the pressure on some school budgets. However there remain many schools facing falling rolls and/or reduced minimum funding guarantee protection that will continue to face budget challenges in the future.
15. The impact of the introduction of a national fair funding formula from April 2017 on Shropshire schools' budgets is not yet known. The second stage of the consultation giving details of funding levels for each formula factor is expected from the Department for Education in the coming weeks. Schools Forum will play a key role in evaluating the impact of the new national fair funding formula on individual schools in Shropshire and recommending any local transitional arrangements required for 2017-18 and 2018-19.