



## **Schools Forum**

Date: 6 June 2019

Time: 8:30 a.m.

Venue: Shrewsbury  
Training and Development  
Centre

Paper

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Public

## **School Balances as at March 2019**

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### **Summary**

This report analyses the actual levels of individual local authority maintained schools' balances as at 31 March 2019 and compares these with the previous year's position. As Schools Forum represents Shropshire academy schools as well as maintained schools, this report also provides information on the financial position of Shropshire academies as at 31 August 2018, where this information has been provided to the local authority.

### **Recommendation**

This report is for information only.

## **REPORT**

### **Background**

1. Shropshire maintained schools' surplus balances at the end of each financial year are carried forward and earmarked specifically for each individual school's use. Multi-academy trusts will have their own arrangements for the treatment of individual academy balances.
2. Deficit balances of Shropshire maintained schools 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 maintained school planning a deficit budget is required to agree a licensed deficit arrangement with the local authority stipulating how and when the school will move out of a deficit position. Academies in a similar position will make arrangements with the Education and Skills Funding Agency (ESFA).

3. All such requirements for Shropshire maintained schools are contained within Shropshire's approved Scheme for the Financing of Schools. The Scheme no longer includes a schools' balance control mechanism, as agreed by Schools Forum following consultation with maintained schools. However maintained schools holding an excessive surplus balance will be required to provide a clear plan of how it will be used to benefit pupils.

### **Actual levels of maintained schools' balances as at 31 March 2019**

4. The overall level of school balances held by maintained schools in Shropshire has reduced over the last financial year by £1,481,292 (30%) to a total balance of £3,519,698. This overall reduction reflects reduced balances of £1,067,257 (21%) relating to 2018-19 academy convertors and £414,035 (8%) relating to maintained schools as at 31 March 2019.
5. A confidential appendix setting out detailed school by school information on the levels of individual schools' balances will be tabled at the meeting. The data in the confidential appendix is presented in order of percentage size of balance compared to the total school revenue funding.
6. A summary is given in the table below:

	March 2018 Number of Schools	Balance  March 2018 £	March 2019 Number of Schools	Balance  March 2019 £	Variance	
					£	%
<b>Primary Schools</b>						
In Deficit	5	-20,281	4	-34,404	-14,123	70%
In Surplus	94	4,604,924	84	3,752,307	-852,617	19%
Net Total	99	4,584,643	88	3,717,903	-866,740	19%
<b>Secondary (inc All-Through) Schools</b>						
In Deficit	1	-431,153	1	-458,381	-27,228	6%
In Surplus	5	776,567	1	57,384	-719,183	93%
Net Total	6	345,414	2	-400,997	-746,411	216%
<b>Special Schools</b>						
In Deficit	1	-29,160	1	-61,176	-32,016	110%
In Surplus	1	100,093	1	263,967	163,874	164%
Net Total	2	70,933	2	202,791	131,858	186%
<b>All Schools</b>						
In Deficit	7	-480,594	6	-553,961	-73,367	15%
In Surplus	100	5,481,584	86	4,073,658	-1,407,926	26%
Net Total	107	5,000,990	92	3,519,698	-1,481,292	30%

7. During the financial year 2018-19, four secondary schools and 11 primary schools transferred to academy status taking the total number of Shropshire maintained schools from 107 at March 2018 to 92 at March 2019.

## **Maintained school surplus balances**

8. Overall surplus balances have reduced by £1,407,926 (26%) during the year, this follows a 19% reduction to overall surplus balances in the previous year. The reduction in overall surplus balances in 2018-19 relates to the primary and secondary sectors only and includes the balances relating to in-year academy convertors.
9. Primary school surplus balances reduced by £852,617 (19%) and secondary school surplus balances reduced by £719,183 (93%) over the year. Conversely, special school surplus balances (relating to one school) have increased by £163,874 (164%) over the year.

## **Maintained school deficit balances**

10. Overall deficit balances have increased by £73,367 (15%), which follows a 4% reduction to deficit balances in the previous year. Deficit balances have increased in all sectors: secondary, primary and special.
11. Primary school deficit balances increased by £14,123 (70%) over the 2018-19 financial year. The number of primary schools in deficit reduced from five to four. Of the five schools in deficit at March 2018, three fully repaid their deficits in 2018-19, one increased their deficit and one converted to academy and took their deficit balance with them.
12. Of the four primary schools in deficit at March 2019, one remained in deficit from the previous year and the others all moved into a deficit position during the year. None of the schools had a licensed deficit agreement with the local authority. Appropriate support and challenge is being taken with these schools to ensure the unlicensed deficit positions are fully addressed in 2019-20.
13. Secondary school deficit balances increased overall by £27,228 (6%) over the year. This relates to one secondary school and is as a result of unprocessed year end accounting adjustments in relation to outstanding income.
14. Special school deficit balances increased by £32,016 (110%) over the year. This relates to one special school. The school does not have a licensed deficit agreement with the local authority. Appropriate support and challenge is being taken with the school to ensure the unlicensed deficit position is fully addressed in 2019-20.
15. Termly monitoring meetings will be held between the local authority's School Funding Policy Officer and the schools with year end deficit balances where appropriate. As and when necessary, headteachers, school business managers and chairs of governors/chairs of finance will be called in to meetings with the Principal Education Improvement Adviser to discuss the budget position at the school.

## **Actual levels of academy balances as at 31 August 2018**

16. Shropshire Schools Forum agreed the need to consider Shropshire academy revenue balances along with maintained school balances to understand the financial position of all Shropshire schools funded through Shropshire's Dedicated Schools Grant (DSG) allocation.
17. All Shropshire academies were asked to provide their latest end of financial year revenue balance for inclusion in this report to Schools Forum. The confidential appendix to this report includes this information where provided.
18. Of the 57 Shropshire academies and 1 free school as at 31 March 2019, 23 provided their latest end of year revenue balance information, 13 are more recent convertors and have not yet completed their first end of financial year accounts, 3 were not able to provide a response at the current time and 19 did not respond to the request for information.
19. Of the 23 academies with financial accounts to the year ended 31 August 2018 that provided information, 18 primary academies and 4 secondaries recorded surplus revenue balances, no primary academies and one secondary academy recorded deficit balances.