



Schools Forum

Date: 30 June 2022

Time: 8:30 a.m.

Venue: Microsoft Teams meeting

Paper

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Public

School Balances as at March 2022

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Summary

This report analyses the actual levels of individual local authority maintained schools' balances as at 31 March 2022 and compares these with the previous year's position.

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. Any maintained school planning in 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 (available on the Shropshire Council website at <https://shropshire.gov.uk/media/7107/scheme-for-the-financing-of-schools.pdf>). Whilst Shropshire's Scheme no longer includes a schools' balance control mechanism, 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 2022

4. The overall aggregate level of school balances held by maintained schools in Shropshire has increased over the last financial year by £880,017 (17%) to a total balance of £6,212,979.
5. A summary is provided in the table below:

	March 2021 Number of Schools	Balance March 2021	March 2022 Number of Schools	Balance March 2022	Variance	
					£	%
Primary Schools						
In Deficit	2	-10,203	3	-19,520	-9,317	91%
In Surplus	82	5,567,677	80	6,309,930	742,253	13%
Net Total	84	5,557,474	83	6,290,410	732,936	13%
Secondary (inc All-Through) Schools						
In Deficit	1	-437,621	1	-435,694	1,927	-0.44%
In Surplus	0	0	0	0	0	0%
Net Total	1	-437,621	1	-435,694	1,927	-0.44%
Special Schools						
In Deficit	1	-53,198	0	0	53,198	-100%
In Surplus	1	266,307	1	358,263	91,956	35%
Net Total	2	213,109	1	358,263	145,154	68%
All Schools						
In Deficit	4	-501,022	4	-455,214	45,808	-9%
In Surplus	83	5,833,984	81	6,668,192	834,208	14%
Net Total	87	5,332,962	85	6,212,979	880,017	17%

6. During the financial year 2021-22, one primary school and one special school transferred to academy status taking the total number of Shropshire maintained schools from 87 at 31 March 2021 to 85 at 31 March 2022.

Maintained Schools Surplus Balances

7. Overall surplus balances have increased by £834,208 (14%) during the year, not as large as the increase in the previous year. The increase in overall surplus balances in 2021-22 relates to the primary and special school sectors. The two academy conversions also relate to these sectors.
8. Primary school surplus balances increased by £742,253 (13%). There are no secondary school surplus balances and special school surplus balances increased by £145,154 (68%) over the year.

Maintained School Deficit Balances

9. Overall deficit balances have decreased by £45,808 (-9%). Deficit balances have increased in the primary sector and decreased in the secondary and special sectors.
10. Primary school deficit balances increased by £9,317 (91%) over the 2021-22 financial year. The number of primary schools in deficit increased to three (schools new to deficit). The two schools in deficit at 31 March 2021, fully repaid their deficits in 2021-22.
11. Of the three primary schools in deficit at 31 March 2022, 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 are being taken with these schools to ensure the unlicensed deficit positions are fully addressed in 2022-23.
12. Secondary school deficit balances decreased overall by £1,927 (-0.44%) over the year. This relates to one secondary school.
13. Special school deficit balances decreased over the year due to the remaining maintained special school converting to academy status. The school converted on 1 April 2021 and once all the outstanding transactions were finalised, and the final closedown figure determined, the deficit was paid off.
14. Financial monitoring meetings will be held between the local authority 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.
15. Maintained schools are now submitting three year budget plans which are being discussed with the local authority in the event that they are indicating issues in schools maintaining a balanced and sustainable budget position. Again, call in meetings will be arranged in the few cases where actions are required to address this.