

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive - People
and Director of Finance and Resources

to

Education Board

on

7 June 2017

Report prepared by: Christine Hickey
Schools Finance Service Manager, Financial Management

School Balances at end of 2016/17

1. Purpose of the Report

- 1.1 To advise on the position of maintained school balances as at 31st March 2017.

2. Recommendations

- 2.1 That the report be noted.

3. Background

- 3.1 The budgets of schools are managed by schools directly and any surpluses and deficits are carried forward from one year to the next. Responsibility for budget management lies with school governing bodies, except where the Council withdraws delegation, due to unsatisfactory management.
- 3.2 The report relates to maintained school balances only; Academies' accounting year runs between September and August and they are required to report directly to the Education & Skills Funding Agency and produce audited accounts in line with the 'Statement of Recommended Practice (SORP) for Charities.
- 3.3 Maintained School balances are separated into revenue and capital. Revenue balances comprise of the unspent annual budget share; community focused extended services balances; and other revenue funds. Capital balances arise mainly from the annual formula capital allocation which is paid to the Council by the DfE as an earmarked capital grant.

4. Review of balances

4.1 The table below shows schools' balances in Southend for the period from 2014/15 to 2016/17. Balances have been restated for previous years to take account of schools that converted to Academy status. Appendix 1 sets out the detailed analysis of individual schools budgets.

Financial Year	Revenue	Community	Capital	Total
	excluding	Focused		
	Community	Extended		
	Focused			
2014/15	£5.22m	£0.18m	£0.14m	£5.54m
2015/16	£5.73m	£0.08m	£0.07m	£5.89m
2016/17	£5.62m	£0.04m	£0.03m	£5.69m

4.2 The March 2017 revenue balances represent 9.9% of revenue resources available to schools in that financial year (see Appendix 2).

5. School by school analysis

5.1 The figures in Appendix 1 provide a breakdown on a school by school basis of the balances as at the end of the financial years 2015/16 and 2016/17, i.e. 31st March 2016 and 31st March 2017.

5.2 Revenue balances have decreased by 2.64% to £5,660,720, resulting in a decrease in revenue balances of £149,712 between 2015/16 and 2016/17. More detailed analysis shows:

- Primary school revenue balances have increased by 3.92% reflecting an in year net increase of £186,961.
- Futures remains the last Secondary school, their revenue balances have decreased from £241,033 to £3,850.
- Special school revenue balances have decreased by 11.15% from £991,930 to £892,440.

5.3 The capital balances have reduced to £32,834.

5.4 Schools have transferred £1,131,255 of revenue into capital by means of a 'revenue contribution to capital'; which equates to 1.97% of available revenue resources. Appendix 3 lists all the revenue contributions to capital expenditure by schools for 2014/15 to 2016/17.

5.5 There are no schools in a deficit position, all schools prepare a long term budget plan which is reviewed by the Local Authority annually.

- 5.6 The following schools converted to Academy during 2016/17:
- West Leigh Junior school
 - Porters Grange Primary
 - Hamstel Infants
 - Hamstel Juniors
 - Friars Primary
 - Hinguar Primary
 - Bournes Green Infant School
 - Thorpedene Primary School
 - Thorpe Greenways Infant and Junior schools and
 - Bournemouth Park Primary

6. Review of Surplus Balances

- 6.1 Appendix 2 shows the surplus revenue balances as a percentage of revenue resources for 2016/17 and indicates the direction of travel of surplus revenue balances over the past two years.
- 6.2 In reviewing the level of surplus balances, the thresholds used for the claw back of surplus balances in previous years has been used as a guide. The thresholds used previously were 8% for Primary and Special schools and 5% for Secondary schools.
- 12 of the 19 Primary Schools have balances exceeding 8%
 - The average Primary balance is 13.3%, with the highest being 24% and the lowest 1.4%.
 - Futures Secondary School balance has reduced significantly in 2016/17, with a balance of 0.1%.
 - Three of the four Special Schools have a balance exceeding 8%,
- 6.3 All schools have submitted a return advising of their 'Revenue Carry forward expenditure plans'. The returns have been reviewed and the plans checked against supporting documentation provided by the school. Of the £5,660,720 of surplus balances, £3,011,005 have been verified as being 'Committed Balances', £2,604,104 as uncommitted balances / contingencies and £45,611 for Extended revenue balances.

6.4 Appendix 4 shows the categories of how the committed balances will be spent per school. The table below summarises the total and the % of the committed balance:

Category of expenditure	Amount £	% of Committed balance
Capital / maintenance projects	£1,391,774	46.22%
To balance 2017/18 budget	£588,668	19.55%
Unspent grant funding including Pupil Premium	£338,204	11.23%
School Equipment	£82,553	2.74%
Staffing	£215,434	7.15%
Traded Accounts	£224,132	7.44%
Other –	£170,239	5.65%

6.5 Individual school plans will be reviewed in light of the amounts required to balance 2017/18 budgets and for staffing to assess the long term sustainability of using the surpluses for these purposes.

7. Appendices

Appendix 1 – School balances 2015/16 and 2016/17

Appendix 2 – Revenue balances as a percentage of total revenue resources

Appendix 3 - Revenue Contributions to Capital for 2014/15 to 2016/17.

Appendix 4 – Summary of Committed revenue carry forward plans.