

Southend-on-Sea Borough Council

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

to
Education Board

on
5 June 2018

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Agenda
Item No.

School Balances at end of 2017/18

1. Purpose of the Report

- 1.1 To advise on the position of maintained school balances as at 31st March 2018.

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 2015/16 to 2017/18. 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			
2015/16	£4.24m	£0.08m	£0.07m	£4.39m
2016/17	£4.15m	£0.04m	£0.03m	£4.23m
2017/18	£3.55m	£0.07m	£0.07m	£3.69m

- 4.2 The March 2018 revenue balances represent 8.6% 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 2016/17 and 2017/18, i.e. 31st March 2017 and 31st March 2018.
- 5.2 Revenue balances have decreased by 13.8% to £3,618,195, resulting in a decrease in revenue balances of £579,058 between 2016/17 and 2017/18. More detailed analysis shows:
- Primary school revenue balances have decreased by 10.71% reflecting an in year net decrease of £405,613.
 - Futures remains the last Secondary school, their revenue balances have decreased from £3,850 to £-169,594.
 - The remaining Special schools converted to Academy during 2017/18.
- 5.3 Schools have transferred £762,819 of revenue into capital by means of a 'revenue contribution to capital'; which equates to 1.72% of available revenue resources. Appendix 3 lists all the revenue contributions to capital expenditure by schools for 2015/16 to 2017/18.
- 5.4 The following schools converted to Academy during 2017/18:
Seabrook College
Bournes Green Junior school
Richmond Primary School
Lancaster Special School
Kingsdown Special School
St. Nicholas Special School

6. Review of Surplus Balances

- 6.1 Appendix 2 shows the surplus revenue balances as a percentage of revenue resources for 2017/18 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.
- 11 of the 17 Primary Schools have balances exceeding 8%
 - The average Primary balance is 10.4%, with the highest being 29% and the lowest 3%.
 - Futures Secondary School balance has reduced significantly in 2017/18, resulting in a deficit balance.
- 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 £3,719,343 of surplus balances, £1,694,307 representing 48% of the total have been verified as being 'Committed Balances', £1,855,442 as uncommitted balances / contingencies.
- 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	£848,098	50.06%
To balance 2018/19 budget	£458,379	27.05%
Unspent grant funding including Pupil Premium	£278,627	16.44%
School Equipment	£11,660	0.69%
Staffing	£70,000	4.14%
Traded Accounts	£116,854	6.9%
Other / Creditors below £5,000	£80,282	4.74%

- 6.5 Individual school plans will be reviewed in light of the amounts required to balance

2018/19 budgets and for staffing to assess the long term sustainability of using the surpluses for these purposes.

7. Appendices

Appendix 1 – School balances 2016/17 and 2017/18

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

Appendix 3 - Revenue Contributions to Capital for 2015/16 to 2017/18.

Appendix 4 – Summary of Committed revenue carry forward plans.
