

**Title of meeting:** Schools Forum

**Date of meeting:** 16th July 2014

**Subject:** School Balances as at 31<sup>st</sup> March 2014

**Report from:** Julian Wooster, Director of Children's and Adults Services

**Report by:** Richard Webb, Finance Manager for Children's Services

**Wards affected:** All Wards

**Key decision:** No

**Full Council decision:** No

---

**1. Purpose of report**

- 1.1. The purpose of this report is to inform Schools Forum as to the level of schools' revenue and capital balances as at 31<sup>st</sup> March 2014.

**2. Recommendations**

- 2.1. It is recommended that Schools Forum notes the level of schools' revenue balances and capital balances as at 31<sup>st</sup> March 2014 as shown in Appendices 1 & 2.

**3. Background**

- 3.1. Each year schools are given delegated budgets which are calculated using a locally agreed fair funding formula. These budgets are supplemented by specific government grants (e.g. Pupil Premium) and through the efforts of the school. Delegated budgets are intended to be spent during the year on the existing cohort of pupils, although it is prudent for a school to retain a small surplus to provide for future uncertainties.
- 3.2. Schools do spend the vast majority of funds directly on the education of their pupils. However, there are a number of genuine reasons why schools may accumulate a balance at the year-end, for example, to provide for planned building works or to provide consistency in staffing levels during funding fluctuations relating to predicted changes in numbers on roll.

- 3.3. In some cases, factors outside of the control of the school can cause increases in balances; for example, large capital building schemes may slip from one year into the next.
- 3.4. Whilst devolved formula capital allocations are ring fenced for capital purposes only, schools may use revenue balances to support capital schemes. In 2013/14, schools allocated some £1.2m (£1.3m 2012/13) of revenue funding to capital purposes.
- 3.5. Schools were surveyed during the spring term to ascertain future commitments against estimated closing balances in order to provide data in accordance with Consistent Financial Reporting (CFR) requirements. This data has since been updated to reflect actual, rather than estimated, closing balances.
- 3.6. During 2013-14 Schools Forum received a number of reports in respect of school balances, including detailed explanations in respect of five the schools with the largest uncommitted balances. The last report was presented in February 2014 and Schools Forum agreed to continue without a "balance control mechanism" (i.e. a "clawback" system) and to implement proposals to strengthen the monitoring arrangements during 2014-15.

#### 4. Revenue Balances

- 4.1. The following table illustrates the level of school revenue balances over the last three years:

Sector	Balance as at 01/04/12	% of 2011/12 budget allocation	Balance as at 01/04/13	% of 2012/13 budget allocation	Balance as at 01/04/14	% of 2013/14 budget allocation
Nursery & Primary schools	5,459,700	9.58	5,636,467	9.71	6,595,449	12.6
Secondary schools	2,494,693	5.80	3,399,712	7.99	3,892,843	10.6
Special schools	616,372	7.18	464,301	5.26	312,384	7.3
Total	8,570,766	7.89	9,500,480	8.68	10,800,676	11.6

- 4.2. Since presenting the balances report last July, the following schools have converted to Academy status and any surplus balances will have transferred to the new Academy Trusts:

- Somers Park Primary
- Victory Primary
- City of Portsmouth Girls School
- Cliffdale Primary Special School

▪ Mary Rose Special School

In order to provide a consistent comparison between 2012/13 and 2013/14, the balances for these schools have been excluded from the restated 2012/13 figures in the table below.

Sector	Balance as at 01/04/13 Restated	% of 2012/13 budget allocation	Balance as at 01/04/14	% of 2013/14 budget allocation
Nursery & Primary schools	5,166,426	10.10	6,595,449	12.6
Secondary schools	3,261,257	8.63	3,892,843	10.6
Special schools	242,313	4.38	312,384	7.3
Total	8,669,996	9.17	10,800,676	11.6

- 4.3. It is important to note that the total schools' balances of £10.8m as at 1 April 2014 include £1m (£0.9m 2012/13) of community related balances e.g. Community Improvement Partnerships, community lettings, breakfast and after school clubs etc. leaving £9.7m (£8.6m 2012/13) of "curriculum" balances relating to core activity. Of this, a further £5.7m has been committed to specific projects or initiatives, leaving a balance of £4m, or 4.3% of the 2013/14 budget allocation, as genuinely uncommitted and exceeds the CIPFA guideline of between 2-3% of budget for uncommitted balances. It is likely that many schools have sought to retain funding where possible as there are uncertainties over future funding due to changes which will be implemented as part of the national school funding reform.
- 4.4. Overall, only one school had year-end deficit on their curriculum accounts amounting to £48,289 and have an agreed recovery plan in place to recover the deficit. The other school that was in deficit last year has subsequently recovered that deficit and had a slight surplus at the end of 2013/14.

## 5. Review of Specific School Balances

- 5.1 In December 2013, a report was presented to Schools Forum which provided further details of the uncommitted balances on the five schools with the largest uncommitted balances as at 31 March 2013. These schools included: Charles Dickens Infant, Springfield Secondary, Cumberland Infant, St Edmunds RC Secondary and Solent Infant.
- 5.2 The school revenue balances as at 31st March 2014 are shown by school at Appendix 1. Included within these balances are two schools

which converted to Academy status on the 1<sup>st</sup> April 2014 (Flying Bull Primary and Admiral Lord Nelson Secondary). The process of calculating the final balances of these schools is underway in accordance with statutory requirements. Any final surpluses will be transferred to the new Academy Trusts. In addition, Charles Dickens Primary, Miltoncross and Priory are expected to convert on the 1<sup>st</sup> September 2014.

- 5.3 Of the remaining schools, there are a number with large balances as at 31<sup>st</sup> March 2014. The schools with total balances in excess of 20% of their budget share are listed below.

School	Balance as at 01/04/14	% of 2013/14 budget allocation
<b>Primary</b>		
St Georges Beneficial CE Primary	423,427	32.17
Corpus Christi Catholic Primary	259,870	23.05
Fernhurst Junior	286,344	23.02
Cumberland Infant	153,534	22.63
Cottage Grove	354,687	21.60
Langstone Infant	206,738	20.92
<b>Secondary</b>		
Springfield Secondary	1,239,773	24.32
St Edmunds	854,424	20.26
<b>TOTAL</b>	<b>3,778,797</b>	

- 5.4 The reasons for these schools holding significant balances are set out below:

#### St Georges Beneficial CE Primary

- 5.5 St George's year-end balances have increased from £220,737 at the end of March 2013 to £423,427 at the end of March 2014. Of this balance £7,705 relates to community balances, whilst the school are indicating that a further £270,199 (64%) is committed.
- 5.6 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £115,000 contribution to Capital. This includes refurbishment of the lodge, replacement of computers in ICT suite and tiered seating for the hall, with a further £60,000 earmarked for landscaping ground works. The planned project was delayed and started in November 2013.
  - £22,000 building maintenance.
  - £15,000 classroom resources and equipment.
  - £58,200 to provide consistency in staffing levels for anticipated fluctuations in the Number on Roll.
- 5.7 The remaining £145,523 equates to 11.06% of the schools budget share.

### Corpus Christi Catholic Primary

- 5.8 Corpus Christi's year-end balances have increased slightly from £229,412 to £259,870 as at the end of March 2014. Of this balance the school have indicated that £163,588 (63%) is committed.
- 5.9 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £130,000 towards Grounds and IT projects agreed by the Governing body in March, which are due to be completed during 2014-15 and 2015-16.
  - £10,600 to release teachers as part of teacher training programmes
- 5.10 The remaining uncommitted balance of £96,282 equates to 8.54% of the schools budget share.

### Fernhurst Junior

- 5.11 Fernhurst's year-end balances have increased from £247,038 to £286,344 as at the end of March 2014. Of this balance £45,676 relates to community balances. Of the curriculum balances, the school have indicated that £165,000 (69%) is committed.
- 5.12 The school has indicated on their year-end return that £155,000 of the committed balance will be used for capital and building maintenance works (i.e refurbishment of toilets, redevelopment of quite area, emergency building works, etc). It is anticipated that these works will be completed by March 2015.
- 5.13 The remaining uncommitted balance of £75,669 equates to 6.08% of the schools budget share.

### Cumberland Infant

- 5.14 Cumberland Infant's year-end balances have increased slightly from £147,188 to £153,534 as at the end of March 2014. Of this balance, the school have indicated that £130,513 (85%) is committed.
- 5.15 The school has indicated on their year-end return that the committed balance will be mainly used as follows:
- £21,291 related to staffing costs, mainly in relation to support for fluctuations on roll.
  - £65,859 is held on behalf of the cluster network and after school clubs, etc.
  - £33,113 relates to prior year commitments (including the purchase of interactive whiteboards for which purchase orders have been raised).

- 5.16 The remaining uncommitted balance of £23,021 equates to 3.39% of the schools budget share.

#### Cottage Grove

- 5.17 Cottage Grove's year-end balances have increased from £139,935 to £354,687 as at the end of March 2014. Of this balance, the school have indicated that £190,574 (54%) is committed.
- 5.18 The school has indicated on their year-end return that the committed balance will be used as follows:
- £64,474 will be used for staffing and resources in respect of the Pupil Premium activities
  - £10,000 on maths resources
  - £40,000 on replacing 4 smart boards and computer hardware to support the curriculum
  - £10,000 on outdoor education equipment
  - £10,000 on staff training
  - £56,100 on the refurbishing of toilets and the reception class facilities.
- 5.19 The remaining uncommitted balance of £164,112 equates to 9.99% of the schools budget share.

#### Langstone Infant

- 5.20 Langstone Infant's year-end balances have increased from £112,274 to £206,738 as at the end of March 2014. Of this balance, the school have indicated that all of the balance is committed.
- 5.21 The school has indicated on their year-end return that the balance will be used as follows:
- £139,825 for staffing, including £76,631 for fixed term contract teaching support staff.
  - £16,081 for replacement windows due to be installed during 2014-15
  - Estimated £50,832 for new blinds and replacement lighting.
- 5.22 The school does not have any uncommitted balances.

#### Springfield Secondary

- 5.23 Springfield's year-end balances have increased from £993,783 to £1,239,773 as at the end of March 2014. The school have indicated that all of the balance is committed.
- 5.24 The school have indicated that the balance will be used as follows:
- £42,000 held on behalf of the cluster

- £460,000 in respect of building works, including creation of a new science Lab, refurbishment of the hall, refurbishment of the school canteen, staff room and reception.
- The governing body have also identified projects planned to be completed over the next three years, with a total value of £850,000 for which they are holding funds, these include an alternative PE space, outdoor Astroturf etc.

5.25 The school does not have an uncommitted balance.

St Edmunds RC Secondary

5.26 St Edmund's year-end balances have increased slightly from £804,302 to £854,424 as at the end of March 2014. Of this balance, the school have indicated that £457,810 (54%) is committed.

5.27 The school has indicated on their year-end return that the committed balance will be used as follows:

- £238,717 is to provide for consistent teaching resources due to falling Number on Roll.
- £219,093 relates to prior commitments in respect of capital works and refurbishments at the school (including the swimming pool area)

5.28 The remaining uncommitted balance of £396,614 equates to 9.40% of the schools budget share.

## **6. Capital Balances**

6.1 Devolved capital allocations are ring fenced and schools are expected to spend them on priority capital needs of school buildings. These allocations will therefore be held as capital balances until they are used and may be supplemented by funding from other sources.

6.2 An analysis of schools' current capital balances is given at Appendix 2 together with proposed spending plans as returned in the school survey. Where spending plans exceed balances there will need to be additional funding proposals.

- 6.3 The table below illustrates the level of school capital balances for the last three years:

Sector	Balance as at 01/04/12	Balance as at 01/04/13	Balance as at 01/04/14
Nursery & Primary schools	1,595,576	1,363,070	1,347,084
Secondary schools	868,570	300,781	682,358
Special schools	148,152	167,925	163,280
Total	2,612,298	1,831,776	2,192,722

Note: the above totals are the aggregate of surplus and deficit balances.

- 6.4 As with the revenue balances, in order to provide a consistent year-on-year comparison, the closing balances in respect those schools who converted to Academy status have been excluded from the restated 2012/13 figures in the table below.

Sector	Balance as at 01/04/13 Restated	Balance as at 01/04/14
Nursery & Primary schools	1,329,631	1,347,084
Secondary schools	238,765	682,358
Special schools	164,785	163,280
Total	1,733,181	2,192,722

- 6.5 Appendix 2 also includes the capital balances of Flying Bull Primary and Admiral Lord Nelson Secondary which as mentioned earlier converted to Academy status on 1<sup>st</sup> April 2014. These balances will form part of the overall closing balances of the school which will be transferred to the Academy Trusts.
- 6.6 In order to bring forward proposed capital schemes, schools were permitted to seek to spend against future Devolved Formula Capital (DFC) funding with the agreement of the Local Authority. DFC allocations were reduced significantly in 2011/12, meaning that it is no longer appropriate for schools to “anticipate” future capital funding.



**7. Reasons for recommendations**

As this report is for information only, Schools Forum are asked to note the contents of the report.

**8. Equality impact assessment (EIA)**

This report does not require an Equality impact Assessment as the proposal does not have any impact upon a particular equalities group.

**9. Legal comments**

Legal comments have been included within the body of this report

**10. Head of Finance's comments**

Financial comments have been included within the body of this report.

.....  
Signed by:

**Appendices:**

Appendix 1: schools' revenue balances at 31<sup>st</sup> March 2014

Appendix 2: schools' capital balances and commitments at 31<sup>st</sup> March 2014

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
School Balances Files and Spreadsheets	Education Finance

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: