

Decision Maker: **Schools' Forum**

Date: **21st September 2017**

Decision Maker: **Education, Children and Families Budget and Performance Monitoring Sub-Committee**

Date: **26th September 2017**

Decision Type: Non-Urgent Non-Executive Non-Key

TITLE: SPENDING BY PRIMARY, SECONDARY AND SPECIAL MAINTAINED SCHOOLS IN 2016/17

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Chief Officer: Jane Bailey, Director of Education

Ward: Boroughwide

1. Reason for report

- 1.1 This report provides information on all revenue and capital balances held by Primary, Secondary and Special Maintained Schools as at 31 March 2017, and also provides a comparison to the balances held at the same time in the previous year.

2. **RECOMMENDATION(S)**

- 2.1 **The Committee is invited to consider the financial position of Primary, Secondary and Special Maintained Schools at the end of the 2016/17 financial year and to identify any matters for specific comment and referral to the Portfolio Holder.**
- 2.2 **The Schools' Forum is asked to note the balances for information.**

Corporate Policy

1. Policy Status: N/A
 2. BBB Priority: Children and Young People
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Dedicated Schools Grant 2016/17
 4. Total current budget for this head: £265m
 5. Source of funding: DSG
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Staff

1. Number of staff (current and additional) – N/A
 2. If from existing staff resources, number of staff hours – N/A
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Legal

1. Legal Requirement: Non-statutory - Government guidance:
 2. Call in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected) - N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments:

3. COMMENTARY

3.1 This report highlights the financial position of Primary, Secondary and Special Maintained Schools as at 31 March 2017 the end of the 2016/17 financial year.

3.2 Balances are reported in accordance with the DfE Consistent Financial Reporting (CFR) Regulations. This is a framework for reporting income and expenditure and balances. It provides schools with a benchmarking facility for comparison between similar schools to promote self-management and value for money. A CFR return is produced for all schools maintained by the Local Authority as at 31 March 2017.

3.3 The CFR framework consists of six balances, which provide an overall picture of a school's resources available from one year to the next, and gives information on balances carried forward. The balances are categorised as follows:

BO1 Committed Revenue Balances

BO2 Uncommitted Revenue Balances

BO3 Devolved Formula Capital Balances

BO5 Other Capital Balances

BO6 Community Focused Extended Schools Balances

Nb BO4 Other Standard Fund Capital Balances has been deleted as standards funds no longer exist.

3.4 The average level of revenue balances (BO1 and BO2) both committed and uncommitted for Maintained Primary School stands at 10% of School Budget Shares compared to 11% at the end of 2015/16, which is a decrease of 1%. Secondary school balances have also increased by 1% to currently stand at 10%. Special School balances remain constant at 7%.

3.5 A comparison of the levels of school balances as at 31 March 2016 to the previous year is shown in the table below.

| | Primary Schools £000 | Secondary Schools £000 | Special Schools £000 |
|--|-------------------------|---------------------------|-------------------------|
| Revenue balances only as at: 31.03.17 | | | |
| Committed Revenue Balances (BO1) | 320 (2%) | 40 (1%) | 66 (0.6%) |
| Uncommitted Revenue Balances (BO2) | 929 (8%) | 461 (9%) | 717 (6.6 %) |
| | 1,250 (10%) | 501 (10%) | 783 (7.2%) |
| Revenue balances only as at: 31.03.16 | | | |
| Committed Revenue Balances (BO1) | 63 (0.5 %) | 0 (0%) | 86 (1 %) |
| Uncommitted Revenue Balances | 1,359 (10.5 | 461 (9%) | 588 (6 %) |

| (BO2) | % | | |
|-------|---------------|----------|-----------|
| | 1,422 (11%) | 461 (9%) | 674 (7%) |

- 3.6 Full details of schools balances can be seen at **Appendix 1**
- 3.7 All schools with balances in excess of 8% have been asked to complete a proforma detailing the reason for holding a high balance and their plans for reducing the balance in year. One Primary school has ended the financial year with a deficit and has been asked to provide a deficit recovery plan.
- 3.7 The DFE also require further analysis to be undertaken in relation to this data. LAs are required to provide information on how they are proposing to address the issue if an:
- A:** LA has overspent its Dedicated Schools Grant by 2% or more (i.e. it is 2% or more in deficit)
 - B:** LA has underspent its Dedicated Schools Grant by 5% or more (i.e. it is 5% or more in surplus)
 - C:** LA has 2.5% of its schools that have been in deficit of 2.5% or more for the last 4 years and their individual deficit must have been at least £10,000 each year. We will only ask LAs for more information where at least three schools in the LA meet the criteria
 - D:** LA has 5% of schools that have had a surplus of 15% or more for the last 5 years and their individual surplus must have been at least £10,000 each year. LAs will only be asked for more information where at least three schools in the LA meet the criteria.

Schools that would fall into these categories have been highlighted on the table at **Appendix 2** – for 2016/17 no schools fall into this category.

- 3.8 This report also provides information on those schools with a deficit revenue balance. As at 31 March 2017, one primary school has a deficit balance.
- 3.9 In accordance with DfE requirements the Schools Finance Team (SFT) will work with schools with high balances to ensure that they are being used effectively. Schools are advised that revenue funding is allocated on an annual basis to support the cost of education for their current pupils and therefore it is not acceptable for schools to retain high levels of revenue funding to protect against possible funding reductions in future years.
- 3.10 **Appendix 3** shows a statement from each of the schools with large uncommitted surplus balances outlining the reasons for this and the management action to be taken to reduce the balances to a reasonable level.

4. FINANCIAL IMPLICATIONS

- 4.1 Whilst this report provides details of school balances, there are no financial implications to be considered.

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| Non-Applicable Sections: | Policy, Legal, Procurement and Personnel Implications |
| Background Documents: (Access via Contact Officer) | With the Schools Finance Team |