

## Outturn on Schools' Budgets

### Overview

Schools that remain in local authority control started the 2018-2019 financial year with accumulated reserves of £6.9 million. At the end of the year revenue balances for these schools were £5.1 million, a reduction of £1.8 million. This represents 6.26% of the funding and income available to schools during 2018-2019.

At the start of 2018-2019, the Schools projected balances were forecast to be £2.0 million therefore actual balances are £3.1 million greater than forecast.

The table below illustrates the in-year movement by school type:

**Table 8 - Analysis of Schools Balances 2018-2019**

	Balance at 1 April 2018	Transfer to Academy in year	Use of Balances in 2018-2019	Balance as at 31 March 2019
	£000	£000	£000	£000
Infant	(135)	-	(38)	(97)
Junior	(567)	-	(412)	(155)
Primary	(3,910)	(664)	330	(3,576)
Secondary	2,048	410	(404)	2,042
Special	(991)	-	(218)	(773)
Nursery	(1,100)	-	(35)	(1,065)
PRU	(2,230)	-	(772)	(1,458)
<b>Total</b>	<b>(6,885)</b>	<b>(254)</b>	<b>(1,549)</b>	<b>(5,082)</b>
Clawback Balances	(59)		(59)	-
Borrowed from future Allocations	1,835	-	1,830	5
<b>Total Reserve Balance</b>	<b>(5,109)</b>	<b>(254)</b>	<b>222</b>	<b>(5,077)</b>

The £1.8 million borrowed from the 2018-2019 allocation has been fully repaid in year.

Within the City, seven schools have now had a balance of over fifteen per cent of their income for five years meaning that the Local Authority is liable to further challenge from the Department for Education regarding these schools. During 2018-2019 officers from the Local Authority met with head teachers of schools to discuss plans for the use of excess surplus balances to ensure that they were being used effectively. No schools were taken through the arbitration process to recover

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balances as all schools demonstrated legitimate and robust plans. Previous rounds of balance challenges have resulted in a recovery of £119,604 from schools, all of which has been re-distributed to schools through an agreed bidding process, and agreement of Schools' Forum.

Schools may be maintaining balances for:

- a) Future cost increases in pension and other pay related costs, which exceed the amount of grant made available for this purpose.
- b) The impact of a national funding formula that is to be fully implemented in the near future. It is expected that this will bring significant turbulence in the school funding system and to schools funding settlements, although the effects are being mitigated by a transitional implementation currently in place.

It is important to note that, as any variances against schools' delegated budgets are transferred either to or from schools' accumulated reserves, their outturn position is financially neutral to the Council's General Fund.

### Schools in a Deficit Position

The table below shows that the total number of schools in deficit has decreased by two.

**Table 9 – Number of Schools in a Deficit Position**

Sector	2016-2017	2017-2018	2018-19
Infant	1	-	-
Junior	1	-	-
Primary	4	4	3
Secondary	4	3	2
Special	-	-	-
Nursery	1	-	-
Pupil Referral Unit	-	-	-
<b>Total</b>	<b>11</b>	<b>7</b>	<b>5</b>

Where schools end the financial year in a deficit position they are required to seek the approval of the Local Authority, to operate with a deficit balance. A further report on these will be brought to a future Cabinet (Resources) Panel.