

Outturn on Schools' Budgets

Overview

Schools that remain in local authority control started the 2017-2018 financial year with accumulated reserves of £8.4 million. At the end of the year revenue balances for these schools were £6.9 million, a reduction of £1.5 million. This represents 6.25% of the funding and income available to schools during 2017-2018.

At the start of the 2017-2018, it was forecast that the Schools projected balance to be £2.4 million therefore actual balances are £4.5 million greater than forecast.

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

Table 8 - Analysis of Schools Balances 2017-2018

	Balance at 1 April 2017 £000	Transfer to Academy in year £000	Use of Balances in 2017- 2018 £000	Balance as at 31 March 2018 £000
Infant	(147)	(96)	108	(135)
Junior	(313)	(105)	(149)	(567)
Primary	(4,847)	796	141	(3,910)
Secondary	1,158	-	890	2,048
Special	(1,348)	-	357	(991)
Nursery	(847)	-	(253)	(1,100)
PRU	(2,077)	-	(153)	(2,230)
Total	(8,421)	594	942	(6,885)
Clawback Balances	(85)	-	27	(59)
Borrowed from future Allocations	1,812	-	23	1,835
Total Reserve Balance	(6,695)	594	992	(5,109)

A further £1.8 million has been taken from the school balance reserve to fund the continued pressures in Out of City placements and Alternative Provision, effectively borrowing from the 2018-2019 allocation.

Within the City, four 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 2017-2018 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 balances as all schools demonstrated legitimate and robust plans. Previous rounds of balance challenges have resulted in a recovery of £119,604 from schools. Of this,

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£60,957 has been re-distributed to schools through an agreed bidding process, and £58,647 remains available for schools to bid for during 2018-2019.

Schools may be maintaining balances for:

- a) Future cost increases in pension and other pay related costs, whilst they are aware that there will be no increases in funding per pupil for the foreseeable future.
- b) The impact of a national funding formula that is expected to be fully implemented from 2019-2020. It is expected that this will bring significant turbulence in the school funding system and to schools funding settlements.

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 four.

Table 9 – Number of Schools in a Deficit Position

Sector	2016-2017	2017-2018
Infant	1	-
Junior	1	-
Primary	4	4
Secondary	4	3
Special	-	-
Nursery	1	-
Pupil Referral Unit	-	-
Total	11	7

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.