

Outturn on Schools' Budgets

Overview

Schools that remain in local authority control started the 2020-2021 financial year with accumulated reserves of £6.3 million. At the end of the year revenue balances for these schools were £13.2 million, an increase of £6.9 million. This represents 11.95% of the funding and income available to schools during 2020-2021.

At the start of 2020-2021, the Schools projected balances were forecast to be £5.60 million therefore actual balances are £7.6 million greater than forecast.

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

Table 1 - Analysis of Schools Balances 2020-2021

	Balance at 1 April 2020 £000	Transfer to Academy in year £000	Contribution to Balances in 2020-2021 £000	Balance as at 31 March 2021 £000
Infant	(136)	-	(276)	(412)
Junior	(191)	-	(90)	(281)
Primary	(4,371)	-	(3,396)	(7,767)
Secondary	1,547	-	(1,832)	(285)
Special	(1,100)	-	(1,055)	(2,155)
Nursery	(1,145)	-	(142)	(1,287)
PRU	(915)	-	(102)	(1,017)
Total	(6,311)	-	(6,893)	(13,204)
Clawback Balances	-	-	-	-
Borrowed from future Allocations	-	-	-	-
Total Reserve Balance	(6,311)	-	(6,893)	(13,204)

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.

The Local Authority normally meets with head teachers of schools to discuss plans for the use of excess surplus balances to ensure that they were being used effectively, although this has been sporadic in 2020-2021 due to Covid-19 and school lockdowns, with virtual and/or electronic discussions taking place instead.

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No schools were taken through the arbitration process to recover balances as all schools demonstrated legitimate and robust plans.

Schools may be maintaining balances for future cost increases in pension and other pay related costs, which exceed the amount of grant made available for this purpose.

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 how the total number of schools in deficit has decreased.

Table 2 – Number of Schools in a Deficit Position

Sector	2017-2018	2018-2019	2019-2020	2020-2021
Infant	-	-	-	-
Junior	-	-	-	-
Primary	4	3	-	1
Secondary	3	2	2	1
Special	-	-	-	-
Nursery	-	-	1	1
Pupil Referral Unit	-	-	-	-
Total	7	5	3	2

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.