



## SCHOOLS FORUM

### 2016/17 Maintained School Balances

25 September 2017

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies		Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	

#### Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	X
Decision		Maintained Secondary School Members	X
		Maintained Special School Members	X
		Academy Members	
		All Schools Forum	

1. This report sets out the position in regard to school balances for all schools that were maintained by the local authority on 31 March 2017 and the individual school balances in advance of the national publication by the DfE

#### Recommendation

2. That Schools Forum note the position on the 2016/17 school balances for local authority maintained schools.

#### Introduction

3. This report presents the annual position on school balances, it provides that information at individual school level for each school maintained by Leicestershire County Council on March 31<sup>st</sup> 2017.

4. Whilst local authorities are required to report maintained school balances there is no such requirement for the Education and Skills Funding Agency (ESFA) to do the same for academies (concerns have been raised about the lack of visibility of the financial position of academies.) Academies are required however to publish an annual statement of accounts which can be 6 -9 months after the financial year closure. (Different financial years for maintained schools and academies do not allow for easy comparison if additional information were to be made available.)
5. This report relates to 124 (44%) of the 280 schools in Leicestershire This is 51% of primaries, 4% of secondary's, 50% of special school with the addition of 3 maintained nurseries and 1 pupil referral unit.
6. With a large number of academies in Leicestershire, it is not possible for the local authority to undertake an overall financial assessment of all Leicestershire Schools

### **Background**

7. School balances are formally measured by the local authority at the closure of the financial year. Balances are taken from the Consistent Financial Reporting return submitted by individual schools to the local authority, as such the balances are school declared and not local authority calculated.
8. Reporting locally is the first stage of publication of school balance information. Once all school returns are consolidated that information is submitted to the Department for Education (DfE) who subsequently publish that information on a national basis at both local authority and individual school level.
9. Schools Forum agreed at its meeting on 20 June 20 2013 to remove the mechanism for controlling maintained school revenue balances given no such mechanism exists for academies. However national controls remain on Devolved Formula Capital (DFC) which remains limited to use over three years. Unused grant after this period is returned to the DfE.

### **2016/17 Maintained School Balances**

10. The analysis of school balances is shown in Appendix 1. The figures include all schools that were local authority maintained schools for the full financial year i.e. between 1 April 2016 and 31 March 2017.
11. Given the exclusion of balances for converted academies during 2016/17, therefore balances reported here will not match those reported at the end of 2015/16 but do show movement between years.
12. The total level of maintained school balances at 31<sup>st</sup> March 2017 was £9.7m. This is a decrease of £0.4m from the comparative 2015/16 position of £10.9m. The gross revenue position of £8.5m is a decrease of £1.6m from 2015/16.
13. Generally the position shows reducing revenue balances, only 38 primary schools recorded an increase in revenue balances over this period. Whilst all 3 special schools saw an increase in revenue over this period the general budget performance is skewed as a result of two special schools being midway through deficit recovery plans.

14. Care needs to be taken when analysing school balances as they only show a position at a single point in time. It is the responsibility of the governing body to set a school budget that does not exceed the funding available. The finance team analyse the budget intention returns from schools to identify whether any of the schools currently reporting a surplus expect to move to deficit and if necessary that those schools are operating with an appropriate and agreed deficit recovery plan. The local authority has limited resources and tools to undertake this type of exercise and is fully dependent upon schools sharing accurate and timely information and responding to requests for information.. The local authority is not responsible for monitoring school budgets, that responsibility is delegated to governing bodies.
15. The local authority is working both with schools that have recorded a deficit or are forecasting one for 2017/18. Work is also being undertaken to develop a strategic financial management approach for schools, this has been set out in the autumn term governor briefings and will be presented at a conference organised by Leicestershire Primary Heads in December. Additionally workshops have been arranged for small groups of maintained school headteachers looking at strengthening medium to long term financial planning which may be rolled out further, if successful.
16. Where a maintained school is in a deficit position the local authority will agree a deficit recovery plan that minimises any negative impact on school performance. This may result in a school being in a deficit position for a number of years. In such instances the finance service rigorously monitors the financial position of the school to ensure the actions agreed to reduce expenditure are implemented. This may include a Financial Notice of Concern being issued.

### **Conclusions**

17. Whilst the information in this report is presented to Schools Forum to note, it isn't possible to form any conclusion from it on the financial health of schools in Leicestershire. The data covers less than 50% of schools 18. Balance information is a snapshot in time and as such provides no information on how funding will be deployed or whether resources have been accumulated for particular reasons. A school budget provides the resources to provide for pupils over the period for which it is allocated, however schools should at all times plan over a 3 – 5 year period. Employing effective strategic financial management is essential to ensure effective planning.

### **Resource Implications**

18. Resource implications are included throughout this report.

### **Equal Opportunity Issues**

19. Non arising directly from this report

Background Papers

None

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