



## SCHOOLS FORUM

### 2012/13 School Balances

18 September 2013

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	
<p><b>‘X’ denotes what actions are required and the groups of members that are able enact the recommendations within the report.</b></p> <p><b>Where information is targeted at a particular group of Schools Forum it does not preclude other members from participating in debate.</b></p>			

1. This report sets out the position in regard to school balances for all schools that were maintained by the local authority on March 31 2013 and the 2012/13 financial year.

### Recommendation

2. That Schools Forum note the position on the 2012/13 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.

### **Background**

4. School balances are only able to be formally measured by the local authority at the closure of the financial year. Balances are not calculated by the local authority but taken from the Consistent Financial Reporting return submitted by individual schools to the local authority.
5. 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.
6. Whilst this report presents the position for maintained schools, information on the financial position of academies is not published in the same manner. The DfE recently published the statutory financial statements for academies for the 2011/12 academic year, the information is difficult to locate and is not brought together in a manner in which it would be possible to ascertain the overall financial performance of academies in a particular location.
7. Whilst Schools Forum agreed at its meeting on June 20 2013 to remove the mechanism for controlling school revenue balances, national controls remain on Devolved Formula Capital (DFC) which remains limited to use over three years.

### **2012/13 School Balances**

8. 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 April 1 2012 and March 31<sup>st</sup> 2013. Schools who converted to Academy status on April 1<sup>st</sup> are shown as those balances remain with the local authority until conversion and will be within the nationally reported school balances. Schools that have converted to academies up between April and July are denoted on the report.
9. Given the exclusion of balances for concerted academies during 2012/13 the 2011/12 balances reported here will not match those reported at the end of 2011/12 but the comparison between years is valid as it includes all schools maintained for the full financial year.
10. The total level of all school balances at 31<sup>st</sup> March 2013 was £8.3m which is a decrease of £9.7m (53%) from the comparative 2011/12 position. It is unclear why there is such a significant reduction but the values will have been affected by academies that converted with surpluses which are no longer held by Leicestershire. This is in some way validated by the analysis of overall deficits which has remained relatively stable at £2.237m (2011/12 £2.886m) against the position on surpluses at £8.809m (£16.771m 2011/12). In 2011/12 9% of schools were in deficit which accounted for 17% of overall school balances, in 2012/13 8% of school were in deficit accounting for 25% of school balances.

11. A deficit on overall secondary school balances exists for the first time. This is being supported financially by the surplus on primary and special schools, the local authority cannot be in the position of an overall deficit.
12. In terms of individual deficits the analysis shows that;

	Primary	Secondary	Special
Schools in deficit 2011/12 and recording a reduced deficit for 2012/13	6	3	0
Schools in deficit 2011/12 and recording an increased deficit for 2012/13	0	1	0
Schools in surplus 2011/12 and recording a deficit in 2012/13	2	1	1

The focus for the school finance team for 2012/13 is on those schools moving to deficit for the first time and with increasing deficits over the 2011/12 position.

13. Overall 76% of primary schools have balances over 3%, the position in secondary schools shows 30% in that position;

	Primary	Secondary	Special
Deficit	8 (5%)	4 (40%)	1 (33%)
Surplus 0% - 1%	8 (5%)	2 (2%)	0
Surplus 1% - 3%	24 (14%)	1 (1%)	0
Surplus 3% - 5%	31 (18%)	3 (30%)	0
Surplus 5% - 8%	55 (32%)	0	0
Surplus 8% +	44 (26%)	0	2 (67%)
<b>Total</b>	<b>170</b>	<b>10</b>	<b>3</b>

14. Care needs to be taken when analysing school balances as they show a position at a single point in time. Whilst it is the responsibility of the governing body to set a school budget, the finance team will continue to 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 agreed deficit recovery plan. As discussed at previous the finance service has limited tools to undertake this type of exercise and is dependent upon schools sharing accurate information. Once this exercise is completed the finance service is totally dependent upon schools to raise concerns over their financial position if unplanned events occur

A further statement will also be issued at the start of the autumn term to serve as a reminder that school budgets will continue on a cash flat basis at best, that this results in a real terms decrease in resources and that it is essential that schools take the necessary actions to reduce expenditure at the earliest point should they identify a potential deficit.

### **Balance Control Mechanism**

15. Schools Forum removed the mechanism for controlling schools balances when approving The Scheme for Financing Schools at its meeting on 20 June 2013. It can be seen however that had this scheme been in place 17 (10%) primary schools would have been subject to clawback to a value of £240,000

### **Resource Implications**

16. Resource implications are included throughout this report.

### **Equal Opportunity Issues**

17. Non arising directly from this report

### **Background Papers**

Schools Forum 20 June 2013 – Scheme for Financing Schools  
Schools Forum 7 September 2012 – 2011/12 School Balances

### **Officer to Contact**

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