

Agenda Item 5 - School Balances Review

1 Introduction

- 1.1 Every year we ask schools to complete a balances survey and Forum Members considered the school balances report at the Forum meeting on 18th June 2014.
- 1.2 Concerns have been expressed regarding the ongoing high level of school balances. The report contained a detailed breakdown of the total school balances held by each school at 31st March 2014 and details of the planned use of these balances. It was agreed that a robust challenge would be made to ensure that schools are spending their balances effectively. It was also agreed to set up a Task & Finish Group to look at monitoring mechanisms for school balances. This Group met and agreed in principle to 'deficit/surplus' clinics.
- 1.3 As part of this review it was agreed to monitor the actual spend against the commitments identified in the survey. A second survey was circulated to all schools on 8th January 2015 and schools were asked if they could return this to the Local Authority by 15th January, 2015 so that it could be included in this report.

2 Survey Results

- 2.1 All maintained schools responded to the survey. Of the six academies, only English Martyrs participated.

3 Use of School Balances

- 3.1 Schools were given the opportunity to commit their school balances against the following permitted categories:
 - Employees
 - Premises
 - ICT
 - Supplies & Services
 - Transport
 - Use of balances in 2015/16 and beyond.

- 3.2 **Appendix 1** (column A) shows the total planned use of school balances (£2.708m) from the School Balances Survey and Monitoring Form 2014/15 (January 2015) for each school for 2014/15. Column B shows how much each school has spent to date against the planned use of school balances (£1.815m).
- 3.3 Column C shows that of the balances planned to be used in 2014/15 (£2.708m) £0.893m has not yet been spent this represents 33% of the total balance.
- 3.4 A total of £1.815m has been spent in 2014/15 (67% of planned balance use), with a further £0.178m (7%) predicted to be spent by the year end. Forecast slippage into 2015/16 is £0.692m (26% of planned balance use).
- 3.5 **Appendix 2** summaries by sector the breakdown from the survey of the school balances against the permitted categories, together with the actual spend to date.

4 Projected Outturns

- 4.1 We have also asked schools to update their projected outturn as at 31 March 2015. **Appendix 1**(column D) shows the original projected School balances as at 31st March 2015 of £2.088m which was provided by Schools last May. The latest projected School balances are shown in Column E and total £3.739m an increase of 79% (£1.651m).
- 4.2 Using the DfE guidance of on excessive balances (regardless of commitments) above 8% (Primary) and 5% (Secondary) then:-
- 14 of the 25 primary schools have balances which exceed 8% of their current ISB
 - 2 of the 3 secondary schools have balances which exceed 5% of their current ISB
 - 1 of the 1 special schools has balances which exceed 8% of their estimated ISB
- 4.3 If all the commitments submitted for 2015/16 are spent, then the latest projected school balances would reduce from £3.739m to £1.850m. 7 Primary Schools and the Special school would still exceed the 8 % threshold.

5 Recommendations

- 5.1 Forum members are asked to discuss and recommend what further action or information is required from schools, in order to reduce excessive balances. The Local Authority feels that a robust challenge needs to be made to ensure that schools are spending their balances effectively.