

<p><b>Report to Hartlepool Schools' Forum 18<sup>th</sup> June 2014</b> <b>From Dean Jackson (Assistant Director – Education)</b></p>
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**Agenda Item - School Balances Review (Excluding Schools converted to Academy Status)**

**1 Introduction**

- 1.1 At the Forum meeting on 5<sup>th</sup> February 2014, Forum Members were invited to discuss the current scheme that is in place to challenge school balances. A mechanism for controlling balances has been in place since 2008, which complies with DfE guidance. Members had been asked if this was still fit for purpose.
- 1.2 Following these discussions, it was agreed to change the format of the survey, with the aim of making it easier to monitor planned expenditure. It was agreed to remove the Long Term Sickness reserve and the change in pupil numbers as categories, and to ensure that the new categories matched the format of the Budget Proforma template.
- 1.3 The new form was circulated to all schools on 14<sup>th</sup> March 2014 (excluding academies) and schools were asked if they could return this to the Local Authority by 31<sup>st</sup> May, 2014 so that it could be included in this report.

**2 Survey Results**

- 2.1 Appendix 1 shows a detailed breakdown of Total School Balances held by each school as at 31<sup>st</sup> March, 2014. This totals £4.9m (column G) of which £4.5m (Column C) relates to main school balances. Column H totals £2.0m which is the predicted school balances outturn for 31.03.14, submitted on the 2012/13 balances survey. This included 2013/14 contributions to school balances.
- 2.2 Appendix 2 shows the school budget shares issued via the local formula for 2014/15 as £48.3m. Balances as at 31.3.14 excluding other funds totalled £4.5m which equates to 9.4% of the budget share.
- 2.3 In the 2012/13 balances survey schools disclosed £2.5m of commitments for 2013/14 and £0.912m in future years. This would have reduced school balances from £4.4m to £1.9m.
- 2.4 It is not clear whether the balances of £2.5m earmarked for use in 2013/14 were used and that a contribution of nearly £2.6m was made to balances from the 2013/14 budget.

### **3     31<sup>st</sup> March 2014 School Budget Share Balances**

- 3.1     Appendix 2 shows a statement of School Budget Share balances as at 31st March 2014 £4.553m and details planned use of these balances.
- 3.2     Using the DfE guidance of total balances (regardless of commitments) above 8% (Primary) and 5% (Secondary) being excessive then:-
- 17 Primary schools have balances which exceed 8% of their current ISB
  - 2 Secondary schools have balances which exceed 5% of their current ISB
  - 1 Special school has balances which exceed 8% of their estimated ISB
- 3.3     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.
- 3.4     From the returns, a total of £2.698m has been committed in 2014/15 (59% of balances) as shown in the categories in the table below. A further £0.730m is committed to be spent in 2015/16 (16%). The remaining 25% (£1.125m) is left as uncommitted.

Sector	Employees (£000)	Premises (£000)	ICT (£000)	Supplies (£000)	Transport (£000)	2015/16 (£000)	Uncommitted (£000)	Total (£000)
Primary	385	1,067	184	206	1	397	938	3,179
Secondary	462	220	Nil	60	Nil	333	127	1,202
Special	45	62	15	Nil	Nil	Nil	60	182
Total	892	1,349	199	266	1	730	1,125	4,563

*\* Note that the nursery school has a deficit balance of £9,317 as at March 2014, and plans are in place to ensure that the nursery closes with a nil balance.*

- 3.5     If the Schools' Forum accepts this report as a fair reflection at this point in time, there will be no schools left with an uncommitted balance which is in excess of 8% of their ISB.

## **4      Recommendations**

- 4.1      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.