

Agenda Item 8

Report to: Schools Forum

Date: 12 July 2019

Title of Report: School Balances 2018/19

By: Ed Beale, School Funding Manager

Purpose of Report: To provide information on closing balances for maintained schools



Recommendation: Schools Forum are asked to note the information in relation to the 2018/19 closing balances for ESCC maintained schools.

1 Background

- 1.1 As part of the financial year-end closedown process, school balances are reported on as part of the Council's accounts. It was felt useful to share this information at Schools Forum. Please note this information relates to maintained schools only as academy budgets do not form part of the Local Authority's accounts. Academy trusts publish accounts at trust level and these are filed at companies house and published on the trusts' websites.
- 1.2 At the May '18 Schools Forum, we were asked whether more information could be provided in order to give more clarity around school balances, to get a better understanding of the reserves held and the reasons they were held. A new return was therefore designed and sent to all maintained schools for completion at the 2018/19 year end to give a full breakdown of balances.
- 1.3 For 2018/19, the total budget shares for ESCC maintained schools equated to £154.6 million. As reported in the Council's accounts, maintained schools carried forward a net total of £14.2million (9.2% of budget share) at 31 March 2019. This was an increase of £3.4 million compared to 31 March 2018.
- 1.4 There are a number of reasons for the balance increase. A significant one being the DfE providing more funding than planned in respect of the Teachers Pay Grant. Schools had budgeted to pay a 2% unfunded pay award. This meant that funds previously set aside to support the pay increase were then "freed up".
- 1.5 A significant amount of uncertainty around future funding has led schools to build some caution and flexibility into 3 year planning to enable time to respond to fluctuating intakes and unfunded cost increases.
- 1.6 There has also been considerable focus on deficit reduction and prevention to ensure all schools have some flexibility to respond to unexpected events, this is reflected in the significant reduction in the level of deficit balances at 31 March 2019.
- 1.7 The below table is a summary of surplus and deficit balances:

	Primary	Secondary	Special	31/3/19 Total	31/3/18 Total
Number of Surplus balances	111	10	1	122	129
Total value of surplus (£000)	10,256	3,842	166	14,264	11,220
Number of deficit balances	3	1	0	4	5
Total value of deficits (£000)	(36)	(48)	0	(84)	(476)
Net Carry Forward	10,220	3,794	166	14,180	10,744

1.8 The below table is a summary of the reasons provided on why funds are being carried forward:

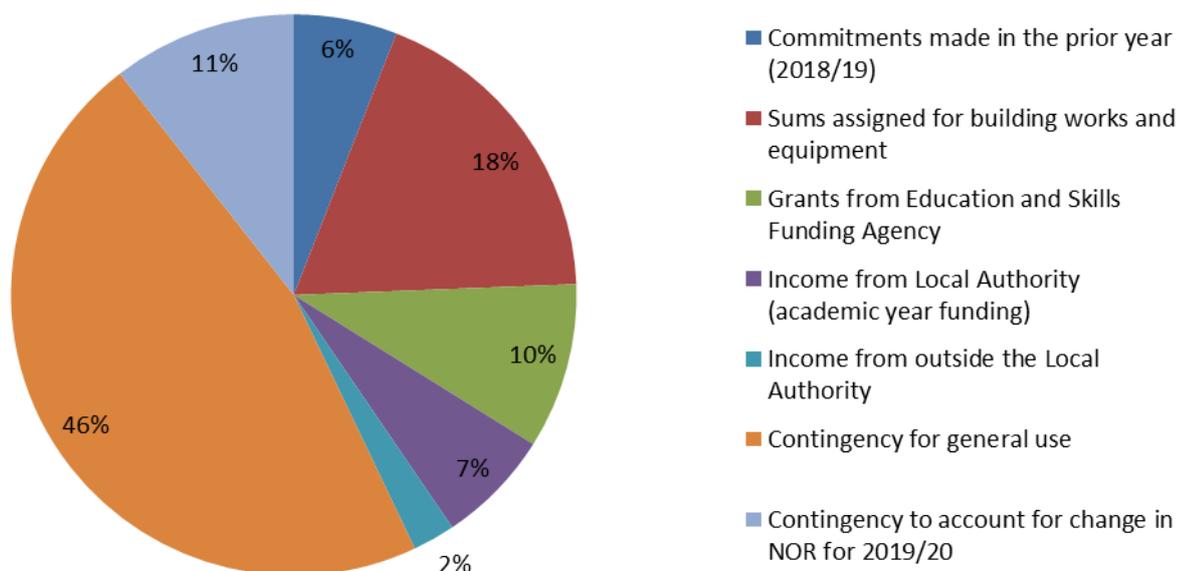
Balance Analysis	Amount
For general contingency use	£6,592,983
Sums assigned for building works and equipment	£2,619,808
Contingency - to account for change in NOR for 2019/20	£1,495,487
Grants from ESFA	£1,352,496
Income from LA	£937,498
Commitments made in the prior year (2018/19)	£837,943
Income from outside the LA	£343,819
	£14,180,033

1.9 The table shows that out of the £14m being carried forward, £8m is for contingency purposes. This relates to both general use, with approximately £1.5m of this contingency identified as being specifically related to responding to changing NOR in the forthcoming year. The overall contingency amount equates to 5% of the total school budget shares, something that is widely considered as a prudent reserve level, particularly with the level of uncertainty in future funding.

1.10 £2.6m of the balance carried forward is being used to fund building projects in 2019/20. These are funds that are being used to either supplement existing capital funding for specific projects or additional building works not being funded by any capital fund provision.

1.11 The chart below illustrates the funds being carried forward as percentages which help give some more context to the detail.

Schools Year End 2018/19 Balance Analysis



1.12 The chart shows that the majority of funds are being carried forward for contingency purposes, be it for general use or in recognition that NOR are fluctuating in future years.

1.13 The chart also shows that nearly a fifth of the funds being carried forward to fund building works.

1.14 The other significant amounts relate to specific grant amounts that remain unspent at the financial year end but are ring fenced for specific spending. (this includes Pupil Premium Grant, Sports Grant, other specific amounts awarded for specific projects).

2 Recommendation

2.1 Schools forum are asked to note the year end position for Maintained school balances and that the process of receiving analysis of School balances will continue for financial year end 2019/20. This will allow for year on year review of the reasons for balances.