

6c. School Revenue Balances at March 2017

Introduction

This report informs the Forum of the maintained schools' revenue balances for 31 March 2017 and provides a comparison with the previous year. The balances for each maintained school are set out in Appendix I.

The appendix shows schools' balances in relation to the Total Revenue Income (i.e. LA funding, plus school generated income). This is a change in presentation from previous reports which compared revenue balances with local authority funding but this new approach conforms to DfE methodology in presentation of schools' financial data from CFR (Consistent Financial Reporting) returns.

In relation to "What is a reasonable level?", the DfE gives guidance in the Schools Financial Value Standard (SFVS) support notes guidance where it states that LAs are able to claw back "excessive" surpluses which are uncommitted. However, the government has removed the requirement for such a clause in LA schemes. Barnet does not currently have a "clawback" clause and it is not proposed to re-introduce one.

The guidance also indicates that "The original thresholds [to indicate excessive balances], which are commonly still being used, were 5% of income (for secondary schools), or 8% of income (for primary, nursery, and special schools) ".

Overall balances - all sectors

Total revenue balances have remained relatively high at £10.89m compared to £11.43m last year. Capital balances remain modest at £322,373 for 16/17 and £231,213 for 15/16. School funding/budget shares have remained cash limited.

Inflationary cost increases on items such as salaries have been limited to small pay awards. General inflationary price increases have been variable although generally small, with some decreases.

The significant variations in balances between individual schools shows how different schools have managed with the financial pressures facing them.

Nursery Sector

There have been consistently high revenue balances for three of the four nursery schools over the last two years, although the overall revenue balances decreased from £744k to £615k. One nursery school has been asked to submit its 3 Year Budget Plan.

Primary Sector

This sector has revenue balances at £8.9m, an increase from £8.7m. Within that total there is a range of balances from deficit balances to a number of significant

balances. These include - Colindale £691,029, Danegrove £461,079, Livingstone £452,449.

The following schools have licenced deficits and recovery plans – Beis Yaakov, Hasmonian Primary, Pardes House, St Johns N20, St Josephs and Tudor. A number of schools have made staff redundant due to budget problems.

3 Year Budget plans have been requested for nine primary schools which have low balances or had a significant decrease in revenue balances.

Secondary sector

There are six maintained secondary schools, only one of which has significant balances – Finchley Catholic High at £514,620. St James and St Michael's have licenced deficits and recovery plans. One other secondary school has been asked to submit its 3 Year Budget Plan.

Special sector

There are three special schools, all of which had moderate balances.

Pupil Referral Units

There are two PRUs – Northgate has a 22% balance, whilst The Pavilion has suffered a significant decrease in the level of its balance and has been asked to submit its 3 Year Budget Plan.

Conclusion

This report is for information. The LA will continue to work closely with its schools to challenge those that appear to have “high” balances and support and challenge those with deficits or that are in danger of having a deficit budget position.

The Schools Financial Value Standard asks schools to prepare a three year budget plan. The authority may request to see these plans if it has concerns around the level of reserves.

The ability of LAs to manage deficits has been restricted following the DfE consultation on schools' loans. It is no longer possible for the LA to issue revenue loans to cover deficits, which might result in more notices of concern or withdrawal of delegation in future.

The DfE will issue related changes to the scheme for financing schools in due course. The LA will then consult Schools Forum and all schools on the implications.