Report for Schools Forum July 18
Item for Information

School Revenue Balances as at 31 March 2018 (and 2017)

Introduction
This report informs the Forum of the maintained schools revenue balances for 31 March 2018 and provides comparison with the earlier year. The authority's schools and their revenue balances are set out in Appendix A.

The appendix shows schools balances in relation to the Total Revenue Income (i.e. funding plus school generated income.) It shows the DfE methodology in presentation of schools' financial data from CFR returns.

In relation to "What is a reasonable level?", the DFE give the gives guidance in the Schools Financial Value Standard (SFVS) support notes guidance that LA are able to clawback "excessive" surpluses which are uncommitted, however the government has removed the requirement for such a clause in the LA's Scheme. (Barnet does not currently have a "clawback" clause.). Further that "The original thresholds, which are commonly still being used, were 5% of income (for secondary schools), or 8% of income (for primary, nursery, and special schools)".

Question 11 of the SFVS asks schools to prepare a 3 Year Budget Plan. The Scheme for Financing Scheme enables the LA to request submission of such plans.

Overall - all sectors
The overall total revenue balances have remained relatively high at £12.28m compared to £11.73m last year. Capital balances remain modest at £362,003 for 17/18 and £324,952 for 16/17.

School funding/Budget shares has remained cash limited. Inflationary cost increases on items such as salaries has previously been limited to small pay awards. However, the recent support staff pay award was significantly in excess of the 2% expected for the lower pay scales with effect from April 2018 and with similar increases with effect from April 2019. This will put pressure on schools' budgets. The teachers' pay award from September 2018 will not be known until later in the summer. General inflationary price increases have been variable although generally small, with some decreases.

The significant variations in balances between individual schools, shows how schools have coped with the situation.

Nursery Sector
There have been relatively high revenue balances for three of the four small institutions over the two years. The revenue balances have remained consistent at £643,941. St Margaret's has a low balance but is now part of a hard federation with Brookhill and Hampden Way, which now operates with a unified budget.

Primary Sector
This sector has revenue balances at £10.7m, an increase from £9.5m. Within that total there is a range of balances from deficit balances to a number of significant balances. The later includes - Colindale £500,698, Livingstone £528,877.

The following schools have licenced deficits and recovery plans – Beis Yaakov, Hasmonean Primary, St Josephs and Tudor. Edgware Primary and Tudor have recovery plans awaiting approval. The recovery plan of Firth Manor is in preparation.

A number of schools have made staff redundant due to budget problems. Schools have been reminded of the need to prepare and update 3 Year Budget plans and take action where it appears the school will have a deficit in future years. This should include measures to avoid redundancies, wherever possible.

Secondary sector
There are six maintained secondary schools, only one of which has significant balances – Finchley Catholic High at £543,829. St James has a licenced deficit and recovery plan. St Michael's recovery plan is in preparation at the time of writing.

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

Pupil Referral Units
There are two PRUs, both have moderate balances.

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. It will provide guidance and support to those with deficits or in danger of having a deficit budget position.