

TO: SCHOOLS FORUM
Date 14 JULY 2011

2010-11 SCHOOL BALANCES
Director of Children, Young People and Learning

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update members of the Schools Forum on the level of balances held by schools as at 31 March 2011 and how these compare to the previous financial year.

2 RECOMMENDATIONS

That the Schools Forum NOTES:

- 2.1 **The level of aggregate surplus revenue balances as at 31 March 2011 totalled £3.747m, an increase of £1.154m (44.5%) from the previous year (paragraph 5.4 (1));**
- 2.2 **That at 5.7% of annual income, average surplus balances are in excess of the amount required for working balances and that more funds could have been spent by schools on their key priorities (paragraph 5.4 (3));**
- 2.3 **That significant surplus revenue balances totalled £0.715m, an increase of £0.479m (203%) from the previous year (paragraph 5.8);**
- 2.4 **That £1.534m of Devolved Formula Capital grant remained unspent at 31 March 2011, a decrease of £0.569m (27.1%) from the previous year (paragraph 5.12 (1));**
- 2.5 **That £0.149m of Devolved Formula Capital grant must be spent by schools by 31 August 2011, or returned to the DfE (paragraph 5.12 (4)).**

3 REASONS FOR RECOMMENDATIONS

- 3.1 **It is appropriate for the Schools Forum to be aware of, and where relevant, comment on these financial matters.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not applicable.

5 SUPPORTING INFORMATION

Background to revenue related school balances

- 5.1 Statutory Regulations require that each school's year end balance of revenue budget must be held as an earmarked amount and made available for use in the next financial year. The change in government has removed the requirement to consider claw-back of significant surplus balances, and members of the Forum will recall that the Bracknell Forest Scheme for Financing Schools has been updated to reflect this change.

Calculating Statutory School Balances

- 5.2 The School Standards and Framework Act 1998 provides a statutory requirement for the balance of expenditure made by each school compared to its budget share to be carried forward for use in the next financial year. This applies to both surplus and deficit balances and relates to the main school budget and School Standards Grant funding only. The local definition for calculating school balances, as agreed with the Schools Forum, has been expanded from the statutory requirement to more closely match the Consistent Financial Reporting Framework by also including the School Development Grant (formerly Standards Fund).

Note, from April 2011, and with the move to mainstream all grant funding into the delegated school budget, it will be more straight forward in future to calculate school balances.

- 5.3 Attached at Annex A is a list of individual school balances as at 31 March 2011. For comparison, the annex also shows the change from the 2009-10 year end position. Annex B provides a summary profile of deficit and surplus balances.
- 5.4 Some comments on the analysis are as follows:
1. Aggregate surplus balances have increased by £1.154m, from £2.593m to £3.747m. This is an increase of 44.5%.
 2. There has been a net increase in surplus balances in the primary sector of £0.627m (+51.7%). Aggregate surpluses in the secondary and special sectors have increased by £0.527m (+38.2%).
 3. On average, at 5.7% of total budget, overall reserves are considered to be at a more than adequate level required for working balances to cover unforeseen circumstances and therefore more money could have been spent by schools on their key objectives.
 4. The aggregate surplus balance of £3.747m comprises £3.822m from surpluses (was £2.640m) and £0.076m in deficits (was £0.047m).
 5. The largest surplus balance as a percentage of budget is 15.1% (was 10.9%) and the greatest deficit is 8.7% (was 6.0%).
 6. Four schools had a deficit at the end of the 2010-11 financial year (including start-up costs for Jennet's Park), which is unchanged from the previous year, with one school being in a deficit at the end of both years. The LA has undertaken budget reviews with the three schools that are open and is satisfied that adequate plans are in place to recover the

deficits although previously agreed timescales may need to be extended. The school with the largest year end deficit (£0.052m) has a licensed deficit that was approved last year by the Forum, although the maximum agreed deficit has been exceeded by £0.002m. A report on proposed support to schools in financial difficulty will be presented to the Forum in the autumn term, once detailed recovery plans have been agreed.

Reasons for the increase in balances

- 5.5 This level of increase in school balances was not expected but it is significant and therefore explanations have been requested by schools. As set out above, there is no proposal to claw-back any money, but a better understanding of the situation will help with the construction of next year's budget. Primary schools that have increased their surplus by £15,000 or more during the year and secondaries with increases of more than £50,000 were asked to give reasons for their increase. This covers 15 primary and 3 secondary / special schools.
- 5.6 A summary of responses is as follows, with some schools having more than one reason for the increase in surplus:
- 9 schools had lower than expected spend on teachers, totalling £0.3m.
 - 10 schools incurred lower than expected spend on non-teaching staff, totalling £0.217m.
 - 10 schools received additional grant and other income in excess of original expectations, totalling £0.249m.
 - 5 schools set aside funds for 2011-12 to contribute to large scale projects, totalling £0.269m.
 - 11 schools gave a range of reasons, including savings on training, general supplies and services and energy consumption.

It seem from this that a large number of schools have held posts vacant in order to be better placed to deal with the difficult financial environment that they will face in the coming years.

Significant surplus balances

- 5.7 Whilst the statutory requirement to consider claw-back of significant surplus balances has been removed, for comparative purposes, the relevant calculations have been made for 2011-12. Members of the Forum will recall that balances in excess of 5% for secondary schools or 8% for primary or special schools were previously defined as significant.
- 5.8 Nine schools are assessed to have a significant surplus, which compares to three at the end of 2009-10, all of which continue with a significant surplus for the third consecutive year. The aggregate level of significant surplus balances stands at £0.715m, an increase of £0.479m (203%).
- 5.9 It is important that schools carefully plan their budgets and balance the need to hold funding as a contingency for the future whilst at the same time ensuring the maximum investment is made in the school each year to help achieve improvement targets.

Capital Funding

- 5.10 Schools receive direct funding for capital projects through the DfE Devolved Formula Capital Grant (DFC). DFC is allocated through a national formula in response to the continuing need for additional resources to be spent on improving the condition and suitability of school accommodation as well as ICT hardware. Individual projects need to be at least £2,000 to qualify as capital related expenditure and need to be approved by the Council before they can proceed. Schools can pool their funding amongst each other or add it as a contribution to projects undertaken by the Council. Funding must be spent on eligible expenditure within 3 years and one term of receipt or be returned to the DfE.
- 5.11 As voluntary aided (VA) schools own and are responsible for the maintenance of their buildings, different arrangements are in place, outside local authority accounts, and therefore, information on the 6 VA schools in Bracknell Forest are not available for inclusion in this report.

Annex C provides a summary of individual school balances of DFC as at 31 March 2011.

- 5.12 Some comments on the analysis are as follows:
1. Aggregate unspent balances have decreased by £0.569m, from £2.103m to £1.534m. This is a decrease of 27.1% and is mainly accounted for through Garth Hill College using their accumulated reserves to purchase enhancements at the rebuilt school.
 2. The level of balances at the end of March 2010 were overstated due to the DfE requirement to pay all schools 40% of their 2010-11 funding a year early. This was intended to help stimulate the economy. In previous years, unspent balances had remained at around £1.5m.
 3. The level of capital balances are not considered excessive as schools tend to save funds over a number of years before committing to significant projects.
 4. 10 schools are in danger of having to return unspent grant at 31 August 2011, which could in total aggregate to £0.149m. Relevant schools have been informed of this risk and all have indicated that plans are in place to spend the funds.

Conclusions

- 5.13 At 5.7%, the aggregate level of school revenue balances is considered to be higher than required to cover normal in-year variances against the budget and suggests that more money could have been spent in-year on key priorities. Within the overall total, as should be expected, a small number of schools are running deficits in order to implement financial change over the medium term, in a managed way. All these schools have recovery plans in place that have been reviewed by the council.
- 5.14 In respect of capital grants, the majority of schools continue to secure total funding for a project from DFC before it commences, hence balances are 1.6 times greater than annual funding allocations. With DFC funding having been reduced by approximately 80% from April 2011, schools will be undertaking much lower value projects in the future and will therefore need to carefully consider which are their highest priority projects.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The relevant legal provisions are contained within the body of the report.

Borough Treasurer

6.2 The financial implications of the report are outlined in the supporting information.

Equalities Impact Assessment

6.3 There are no specific impact assessments arising from this report.

Strategic Risk Management Issues

6.4 There are no specific strategic risk management issues arising from this report

Other Officers

6.5 There are no issues arising from this report that are relevant to other officers.

7 CONSULTATION

Principal Groups Consulted

7.1 Not applicable, applying statutory regulations.

Method of Consultation

7.2 Not applicable.

Representations Received

7.3 Not applicable.

Background Papers

School Balances from BFC final accounts for 2010-11
Scheme for Financing Schools

Contact for further information

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2010-11 School Revenue Balances

School	2010-11 Budget - Main School & Development Grant	Carry forward				Significant surplus	Change from 2008-09 (- increase / + decrease)			Percentage of total Budget last year	Change in Percentage of total Budget
		Main School	School Development grant	Total Amount	Percentage of total Budget		Main School	School Development grant	Total Amount		
Ascot Heath Infant	£681,977	-£27,073	-£18,377	-£45,449	-6.66%	£0	-£8,616	-£7,307	-£15,922	-4.63%	-2.04%
Ascot Heath CE Junior	£827,414	-£28,110	-£19,948	-£48,058	-5.81%	£0	£21,642	-£12,075	£9,567	-7.03%	1.23%
Binfield CE Primary	£1,281,399	£9,350	-£24,538	-£15,187	-1.19%	£0	£23,144	-£8,513	£14,633	-2.43%	1.24%
Birch Hill Primary	£1,402,869	-£50,237	-£23,807	-£74,044	-5.28%	£0	£3,853	-£63	£3,791	-5.45%	0.17%
Wildmoor Heath Primary	£741,455	-£18,806	-£28,773	-£47,579	-6.42%	£0	£1,715	-£25,558	-£23,844	-3.32%	-3.09%
College Town Infant & Nursery	£848,248	-£67,432	£0	-£67,432	-7.95%	£0	-£30,081	£0	-£30,081	-4.73%	-3.22%
College Town Junior	£915,729	£39,495	-£20,089	£19,406	2.12%	£0	£37,721	-£17,113	£20,608	-0.12%	2.24%
Cranbourne Primary	£595,775	£48,806	£2,737	£51,543	8.65%	£0	-£2,928	£16,621	£13,693	6.01%	2.64%
Crown Wood Primary	£1,090,633	-£52,103	-£24,343	-£76,446	-7.01%	£0	-£23,783	£8,248	-£15,535	-5.94%	-1.07%
Crowthorne CE Primary	£733,636	-£38,181	-£7,890	-£46,071	-6.28%	£0	-£23,194	£2,038	-£21,156	-3.71%	-2.57%
Fox Hill Primary	£760,186	£30,778	-£46,051	-£15,273	-2.01%	£0	£32,530	-£20,822	£11,708	-3.42%	1.41%
Great Hollands Primary School	£1,359,951	-£24,531	-£13,201	-£37,732	-2.77%	£0	-£29,510	-£11,790	-£41,301	0.29%	-3.06%
Harmanswater Primary	£2,189,763	-£279,443	-£50,198	-£329,641	-15.05%	-£154,460	-£192,435	-£30,675	-£223,110	-5.46%	-9.59%
Holly Spring Infant	£796,153	-£51,746	-£13,127	-£64,873	-8.15%	-£1,181	-£3,548	-£10,006	-£13,555	-7.40%	-0.75%
Holly Spring Junior	£843,247	-£98,543	-£26,219	-£124,762	-14.80%	-£57,302	-£40,133	-£24,450	-£64,583	-7.87%	-6.92%
Jennets Park Primary School (1)	£22,580	£4,000	£0	£4,000	0.00%	£0	£3,580	£0	£3,580	0.00%	0.00%
Meadow Vale Primary	£1,745,014	-£90,980	-£40,255	-£131,236	-7.52%	£0	-£7,292	-£23,466	-£30,759	-6.03%	-1.49%
New Scotland Hill Primary	£727,424	£1,736	-£8,661	-£6,925	-0.95%	£0	-£683	-£11,078	-£11,761	0.67%	-1.63%
Owlsmoor Primary	£1,513,375	-£61,170	-£10,774	-£71,945	-4.75%	£0	-£23,388	-£8,500	-£31,890	-2.77%	-1.98%
The Pines School	£899,550	-£41,148	-£56,520	-£97,668	-10.86%	-£25,704	-£3,579	-£3,963	-£7,542	-10.86%	-0.00%
Sandy Lane Primary	£1,861,851	-£76,550	-£58,123	-£134,673	-7.23%	£0	-£56,237	-£24,345	-£80,582	-3.44%	-3.79%
St Joseph's Catholic Primary	£785,739	-£47,831	-£6,285	-£54,116	-6.89%	£0	-£32,671	£2,113	-£30,558	-3.05%	-3.84%
St Margaret Clitherow Primary	£720,695	-£13,756	-£6,062	-£19,818	-2.75%	£0	-£912	-£5,222	-£6,134	-2.00%	-0.75%
Winkfield St Mary's CE Primary	£677,907	-£13,115	-£2,199	-£15,315	-2.26%	£0	£1,660	-£8,490	-£6,831	-1.33%	-0.93%
St Michaels Easthampstead	£765,233	-£3,375	-£9,501	-£12,876	-1.68%	£0	£3,899	-£6,365	-£2,466	-1.39%	-0.29%
St Michaels CE Primary, Sandhurst	£692,514	-£69,315	-£8,948	-£78,262	-11.30%	-£22,861	-£25,170	-£16,748	-£41,916	-5.28%	-6.02%
Uplands Primary	£750,358	-£21,449	-£20,475	-£41,924	-5.59%	£0	-£10,063	-£6,596	-£16,660	-3.84%	-1.75%
Warfield CE Primary	£740,308	£851	-£235	£616	0.08%	£0	£24,959	-£2,865	£22,094	-2.99%	3.07%
Whitegrove Primary	£1,425,481	-£60,831	£5,884	-£54,948	-3.85%	£0	£34,276	-£18,655	£15,620	-4.94%	1.08%
Wildridings Primary	£1,104,731	-£55,694	-£59,748	-£115,443	-10.45%	-£27,065	-£23,365	-£3,211	-£26,577	-7.80%	-2.65%
Woodenhill Primary & Nursery	£1,223,867	-£81,246	-£7,363	-£88,609	-7.24%	£0	-£3,244	£3,681	£437	-7.80%	0.56%
The Brakenhale	£4,577,903	-£170,212	-£18,880	-£189,091	-4.13%	£0	-£317,837	£284,490	-£33,346	-3.63%	-0.50%
Easthampstead Park	£5,084,681	-£156,129	-£74,662	-£230,791	-4.54%	£0	£42,949	-£23,931	£19,018	-4.87%	0.33%
Edgbarrow	£5,707,213	-£243,829	-£134,785	-£378,614	-6.63%	-£93,253	£9,292	-£57,345	-£48,053	-6.03%	-0.60%
The Garth Hill	£6,538,262	-£549,484	-£84,131	-£633,615	-9.69%	-£306,702	-£229,745	£54,908	-£174,837	-7.73%	-1.96%
Ranelagh CE	£4,395,107	-£65,719	-£490	-£66,208	-1.51%	£0	-£46,583	£12,510	-£34,072	-0.75%	-0.75%
Sandhurst	£5,047,745	-£168,006	-£43,346	-£211,351	-4.19%	£0	-£115,308	£9,408	-£105,899	-2.09%	-2.09%
Kennel Lane	£3,396,083	-£185,147	-£11,377	-£196,524	-5.79%	-£26,720	-£150,676	£1,161	-£149,514	-1.48%	-4.31%
Total	£65,472,056	-£2,776,175	-£970,760	-£3,746,934	-5.72%	-£715,247	-£1,159,761	£6,026	-£1,153,735	-4.15%	-1.58%

Summary profile of deficit and surplus school balances

Sector	2009-10		2010-11		Change in carry forward 2009-2010 to 2010-2011		2010-11 Carry Forward as % of final budget
	Final Budget	Carry Forward	Final Budget	Carry Forward			
Primary	£29,242,624	£1,213,708	£30,725,062	£1,840,740	£627,032	51.66%	5.99%
Secondary and Special	£33,310,644	£1,379,491	£34,746,994	£1,906,194	£526,703	38.18%	5.49%
Total	£62,553,268	£2,593,199	£65,472,056	£3,746,934	£1,153,735	44.49%	5.72%

Analysis of level of Reserves									Memo Item Surpluses Over £75,000
Deficits		Surpluses					Significant Surpluses		
No.	Largest	No.	Largest	No. 0-5% of budget	No. 5-8% of budget	No. > 8% of budget	No.	Largest	

2009-10

Primary	4	£37,850	27	-£106,531	16	10	1	1	-23,695	6
Secondary and Special	0	£0	7	-£458,778	5	2	0	2	-155,780	5
Total	4	£46,675	34	-£2,639,874	21	12	1	3	-235,907	11

2010-11

Primary	4	£51,543	27	-£329,641	9	12	6	6	-154,460	9
Secondary and Special	0	£0	7	-£633,615	4	2	1	3	-306,702	6
Total	4	£75,565	34	-£3,822,499	13	14	7	9	-715,247	15

Change 2009-2010 to 2010-2011

Primary	0	£13,693	0	-£223,110	-7	2	5	5	-£130,765	3
Secondary and Special	0	£0	0	-£174,837	-1	0	1	1	-£150,922	1
Total	0	£28,890	0	-£1,182,625	-8	2	6	6	-£479,340	4

2010-11 School Capital Balances

School	2010/11 new year funding	Carry forward		Amount that must be spent by 31 Aug 2011	Change from 2009/10 (-increase / +decrease)	Percentage of annual funding	Change in percentage of annual funding
		Total Amount	Percentage of new year funding				
Ascot Heath County Infant	£17,274	-£71,135	-411.81%	£11,864	-£1,854	-164.97%	-246.84%
Ascot Heath CE Junior	£20,248	-£70,723	-349.28%	£3,672	-£11,523	-126.49%	-222.80%
Birch Hill Primary	£25,426	-£116,275	-457.31%	£25,568	-£7,792	-166.18%	-291.13%
Wildmoor Heath Primary	£17,816	-£46,459	-260.77%	£0	£4,833	-125.16%	-135.61%
College Town Infant and Nursery	£20,059	-£27,856	-138.87%	£0	£21,020	-105.92%	-32.94%
College Town Junior	£21,634	-£11,534	-53.31%	£0	£46,456	-105.09%	51.77%
Cranbourne Primary	£18,068	-£3,833	-21.21%	£0	£17,093	-49.98%	28.77%
Crown Wood Primary	£21,766	-£79,167	-363.72%	£8,966	-£14,670	-133.16%	-230.56%
Crowthorne CE Primary	£18,402	-£72,834	-395.79%	£10,760	£29,680	-234.74%	-161.06%
Fox Hill Community Primary	£17,362	-£26,933	-155.13%	£0	-£13,363	-31.88%	-123.25%
Great Hollands Primary	£23,442	-£14,567	-62.14%	£0	£30,302	-85.12%	22.98%
Harmanswater Primary	£35,626	£0	0.00%	£0	£17,965	-22.04%	22.04%
Holly Spring Infant and Nursery	£18,679	-£82,705	-442.77%	£22,867	-£7,480	-182.77%	-260.00%
Holly Spring Junior	£18,899	-£46,446	-245.76%	£0	£21,327	-153.17%	-92.59%
Meadow Vale Primary	£28,425	-£17,659	-62.13%	£0	-£7,484	-15.78%	-46.35%
New Scotland Hill Primary	£19,403	-£90,239	-465.08%	£25,267	£19,472	-240.76%	-224.32%
Owlsmoor Primary	£28,652	£4,153	(1)	£0	-£24,342	41.44%	-141.44%
Pines	£19,637	-£93,081	-474.01%	£29,463	-£1,972	-207.16%	-266.85%
Sandy Lane Primary	£30,378	-£85,480	-281.39%	£0	-£13,724	-113.60%	-167.79%
St Marys CE Primary (Winkfield)	£18,629	-£52,680	-282.78%	£0	-£14,661	-89.12%	-193.66%
Uplands Primary	£19,303	£0	0.00%	£0	£1,173	-2.66%	2.66%
Warfield CE Primary	£18,332	-£108	-0.59%	£0	£4,363	-9.63%	9.03%
Whitegrove Primary	£27,675	-£101,725	-367.57%	£11,018	-£27,675	-117.48%	-250.09%
Wildridings Primary	£23,165	-£28,779	-124.24%	£0	£62,040	-169.18%	44.94%
Woodenhill Primary and Nursery	£24,185	-£26,290	-108.70%	£0	-£6,400	-35.62%	-73.09%
Brakenhale	£59,257	-£33,077	-55.82%	£0	£8,170	-32.08%	-23.74%
Easthampstead Park	£61,053	-£13,583	-22.25%	£0	-£13,178	-0.23%	-22.02%
Edgbarrow	£76,532	-£167,754	-219.19%	£0	-£25,087	-78.73%	-140.47%
Garth Hill	£84,054	-£6,948	-8.27%	£0	£427,984	-227.39%	219.12%
Sandhurst	£73,432	-£45,872	-62.47%	£0	£63,323	-62.68%	0.21%
Kennel Lane	£29,376	-£104,635	-356.19%	£12	-£14,640	-129.63%	-226.57%
Total	£936,189	-£1,534,223	-163.88%	£149,456	£569,356	-95.30%	-68.58%
(1) carry forward over spend to be funded from 2011/12 new year funding.							