

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

<b>TO:</b>	Reading Schools Forum		
<b>DATE:</b>	24 May 2018	<b>AGENDA ITEM:</b>	5
<b>TITLE:</b>	School Balances (Provisional) at 31 <sup>st</sup> March 2018		
<b>SERVICE:</b>	Children, Education & Early Help Services	<b>WARDS:</b>	All
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**1. PURPOSE AND SUMMARY OF REPORT**

- 1.1 To inform the Schools' Forum about the provisional school balances at the end of the financial year ended 31<sup>st</sup> March 2018. To seek guidance from Schools' Forum regarding schools that held excess surplus balances in the context of the balance control mechanism.

**2. RECOMMENDED ACTION**

**2.1 NOTING:** To note the contents of the report and also to note that the balances are at the moment provisional and subject to agreement with the external audit process.

**2.2 FOR ADVICE:** To ask whether Schools Forum wish the Authority to ask the schools holding excess balances at Appendix 1 for details on the purpose for which this is held and also to provide an opinion as to whether this is a valid and proper reason, with the aim of bringing this information back to the July meeting for consideration.

**3 POLICY CONTEXT**

- 3.1 The Council has strategic aims to establish Reading as a learning city and a stimulating and rewarding place to live and visit, to promote equality, social inclusion and a safe and healthy environment for all. Education and the funding of education is a key factor in the achievement of this aim.

## 4 SCHOOL BALANCES

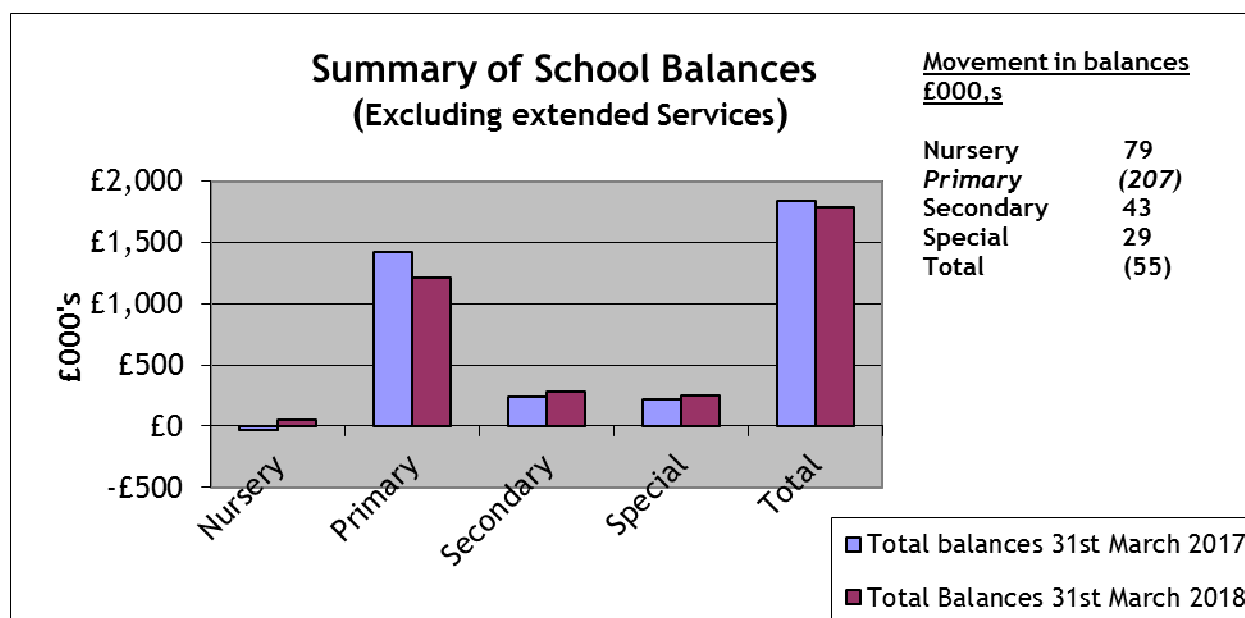
### 4.1 Background

4.1.1 This paper sets out the end of year school revenue balances at 31 March 2018 and the movement in those balances between March 2017 and March 2018. These are also subject to the audit process.

### 4.2 Summary

4.2.1 Graph 1 summarises school balances by school sector. Full details school by school are shown at **Appendix 1**.

Graph 1 Summary of school balances



4.2.2 There were 8 schools (from 6 at the 31<sup>st</sup> March 176) with a deficit balance as at the 31<sup>st</sup> March 2018: 6 primary school (from 3 at the 31<sup>st</sup> March 2017), No secondary school or special schools (unchanged from the March 2017) and 2 nursery school (3 in 31<sup>st</sup> March 2017).

4.2.3 As seen in Appendix 1 a increasing number of schools had deficit balances as at 31<sup>st</sup> March 2018. Between 2016 and 2017 the School balances reduced by 34% but between 2017 and 2018 the balances have only decreased by 8%. The LA is concerned about the balances at a time that nationally school funding has increased in line with Inflation and 18-19 will be the first year of transitioning to the national formula. We will continue to monitor these school's progress towards bringing their finances back into balance. It should be noted that under the current regulations should a school convert to an academy any deficit would be left to the LA to fund, but any surplus would transfer to the new school.

### **4.3 Balance Control Mechanism**

4.3.1 Schools Forum now manages the LA's balance control mechanism. The schools' that held excess surplus balances as at 31<sup>st</sup> March 2018 can be identified from **Appendix 1**.

4.3.2 The excess balances could be held for properly assigned purposes. Each year the Authority asks whether Schools Forum would like us to request information from schools holding excess balances what these are being held for. In addition Schools Forum can request the authority to express an opinion as to whether these reasons are for a proper and valid purpose. If Schools Forum request the Authority to do this then this can be brought back for the July meeting of Schools Forum to consider.

4.3.3 It should be noted that for some schools balances may have been held for valid historical reasons.

### **4.4 Capital balances**

4.4.1 The total amount of unspent devolved formula capital funds held by schools at the 31<sup>st</sup> March 2018 was £354.7k. Of this balance £112.6k had been carried forward from the 2015-16 allocation and will need to be spent by 31<sup>st</sup> August 2018. We will notify the schools holding these balances. The remainder of the balance consists of £149.6k of the 2016-17 allocation and £92.5k of the 2017-18 allocation. This information is also provided to colleagues across the Council to ensure that this is being factored into the future capital programme.

### **4.5 LA suggestion**

4.5.1 The future national funding formula and the 2 year transitional process will cause uncertainty within primary school budgets. All schools received a 0.5% increase in budget for average per pupil funding, but as payroll inflation has increased by at least 2% (over 5% for scale points below 20) the additional funding will and has caused schools to go into deficit. The council expects all schools to use there surplus balances to handle the transition years. LA would like Schools forum to review the balances but not ask schools to supply additional information due to the reasoning above.

## Appendix 1 Provisional School Balances 31<sup>st</sup> March 2017 and 31<sup>st</sup> March 2018

	2016-17		2017-18				
	Revenue Balance (excl extended schools)	% 16-17 c/f against 16-17 budget share	Surplus / (Deficit) In-Year	Revenue Balance (excl extended schools)	Adjusted Budget Share	% 17-18 c/f against 17-18 budget share	Excess balance over threshold
Alfred Sutton Primary	136,026	6%	40,690	176,716	2,559,226	7%	0
All Saints	36,751	11%	33,821	70,572	335,665	21%	43,719
Caversham Park Primary	35,097	4%	15,170	50,267	831,156	6%	0
Caversham Primary	89,813	5%	43,784	133,597	1,670,845	8%	0
Christ The King Catholic Primary	45,920	3%	(15,800)	30,120	1,786,810	2%	0
Coley Primary	29,046	2%	12,818	41,864	1,184,054	4%	0
Emmer Green Primary	1,151	0%	7,848	8,999	1,788,362	1%	0
English Martyrs' Catholic Primary	230,535	13%	39,585	270,120	1,730,403	16%	131,688
E P Collier Primary	54,926	3%	20,694	75,619	1,531,634	5%	0
Geoffrey Field Infant	56,327	4%	(31,595)	24,733	1,373,625	2%	0
Geoffrey Field Junior	128,750	8%	(14,142)	114,607	1,630,540	7%	0
Katesgrove Primary	382,442	13%	(27,306)	355,136	2,877,425	12%	124,942
Manor Primary	85,717	5%	(114,877)	(29,159)	1,645,996	-2%	0
Micklands Primary	3,668	0%	(26,528)	(22,860)	1,645,694	-1%	0
Moorlands Primary	90,083	4%	3,351	93,433	2,051,556	5%	0
Oxford Road Community	56,305	5%	25,586	81,891	1,221,864	7%	0
Park Lane Primary	22,023	1%	48,467	70,490	1,680,959	4%	0
Redlands Primary	49,802	5%	(24,931)	24,872	1,096,463	2%	0
Southcote Primary	95,844	4%	3,035	98,879	2,187,530	5%	0
St Anne's Catholic Primary	(571,834)	-72%	(8,999)	(580,833)	868,106	-67%	0
St Martin's Catholic Primary	(25,311)	-4%	(60,276)	(85,586)	711,326	-12%	0
St Mary and All Saints	(200,450)	-11%	(7,365)	(207,815)	1,691,170	-12%	0
St Michael's Primary	100,157	7%	(9,271)	90,886	1,627,482	6%	0
Thameside Primary	65,046	4%	(20,720)	44,326	1,699,954	3%	0
The Hill Primary	37,662	2%	(40,225)	(2,563)	1,735,431	0%	0
The Ridgeway Primary	66,153	4%	(48,332)	17,820	1,950,348	1%	0
Whitley Park Primary	35,718	1%	(19,345)	16,374	3,112,088	1%	0
Wilson Primary	188,193	10%	(15,547)	172,645	1,915,609	9%	19,397
New Christ Church	96,452	10%	(16,368)	80,084	875,549	9%	10,040
Blessed Hugh Faringdon	236,585	5%	43,402	279,987	4,572,138	6%	51,380
Phoenix College	112,850	17%	18,750	131,600	679,223	19%	77,262
The Holy Brook	103,159	29%	10,353	113,513	357,702	32%	84,897
Blagdon Nursery	(13,469)	-3%	(7,459)	(20,929)	314,424	-7%	0
Blaggrave Nursery	25,262	12%	8,961	34,223	183,240	19%	19,563
Caversham Nursery	(75,122)	-36%	(12,082)	(87,204)	187,762	-46%	0
New Bridge Nursery	40,933	12%	22,651	63,584	355,888	18%	35,113
Norcot Early Years Centre	(9,169)	-2%	66,811	57,642	275,328	21%	35,616
<b>Total</b>	<b>1,843,040</b>		<b>-55,390</b>	<b>1,787,649</b>	<b>53,942,575</b>		<b>633,616</b>
Cranbury College *				38,256	1,639,500	2%	0
<b>Total with Cranbury College</b>	<b>1,843,040</b>		<b>-55,390</b>	<b>1,825,905</b>	<b>55,582,075</b>		<b>633,616</b>

\*Cranbury College has moved to external processes from April 2018