

READING BOROUGH COUNCIL

REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	9 July 2015	AGENDA ITEM:	5
TITLE:	School Balances at 31 st March 2015 - Review of Excess Balances Exercise		
SERVICE:	Education, Children & Early Help Services	WARDS:	All
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 To report back to Schools Forum regarding schools that held excess surplus balances in the context of the balance control mechanism.

2. RECOMMENDED ACTION

- 2.1 To note the contents of the report and the decision making powers and responsibilities that Schools Forum has.
- 2.2 To advise the LA regarding schools that held excess surplus balances in the light of the powers and responsibilities held, in the light of the reasons given by schools and professional opinion of officers.

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 The previous meeting requested the LA collect information regarding committed balances from schools holding excess revenue balances as at the 31st March 2015. Additionally they requested that officers provide an opinion as to whether balances were being held for reasonable and valid purposes.

4.1.2 The Scheme of Finance sets out the powers and responsibilities that Schools Forum have in respect of the balance control mechanism:

- Schools' Forum will assess schools with excess balances as to the extent to which the balance is committed, planned or assigned for a specific purpose.
- Where Schools Forum is satisfied the school's excess balance is not properly committed, Schools' Forum may authorise the Authority to collect excess balances above the threshold.
- Any sums collected through this mechanism will be held within the total Schools Budget for re-distribution across all schools.
- Where a member of Schools' Forum represents a school with an excess balance, they must declare a conflict of interest and would be excluded from participating in any decision regarding whether or not excess balances are to be collected from that school.

4.1.3 Finance sent a form to schools holding excess balances requesting information regarding those balances to the following schools: -

- All Saints
- Blagdon
- Blessed High Faringdon
- English Martyrs
- Geoffrey Field Infant
- Micklands
- Newbridge
- New Christ Church
- St Johns
- St Martins
- The Ridgway
- Wilson

4.1.4 Schools Forum in making its deliberations is asked to note the context of:

- The deficit on the high needs block
- The risk of forced academies leaving large deficits
- The risk of academy converters taking large surpluses
- The fact that a number of schools holding excess balances this year also held excess balances last year

4.1.5 The table below highlight some key high level indicators on balances between years:

	13-14 £	14-15 £
Gross Surplus	3,599,239	3,689,666
Gross Deficit	- 523,767	- 521,009
Total Excess Balances	697,911	407,178
Total Individual Schools Budget (Including Pupil Premium)	53,626,127	57,565,047
Net Aggregate Surplus / Total Individual Schools Budget	5.74%	5.50%
Gross Surplus / Total Individual Schools Budget	6.71%	6.41%
Gross Deficit / Total Individual Schools Budget	0.98%	0.91%
Total Excess Balances / Total Individual Schools Budget	1.30%	0.71%

4.2 Summary

4.2.1 The table at Appendix 1 and 2 show the excess balances held by schools over 2 years.

4.3 Summary of Reasons & Opinion of Officers for Schools Forum

4.3.1 General

- Whilst there has been a reduction in capital funding available to schools there has been an over-reliance upon using revenue balances to fund capital nature expenditure;
- Prioritisation at schools does not always have sufficient focus on using revenue resources to improving teaching & learning and this is particularly important given reducing LA resources in this area; and
- Some schools appear to be holding excess balances as contingency funds over a number of years which may not be entirely justifiable given the threshold already allows for 5/8% of budget as a contingency.
- Using balances to pay for ongoing revenue costs is not sustainable

A number of comments are given on each of the individual schools below:

4.3.2 All Saints

The majority of the balance held is for the schools ongoing expansion programme. £8k of the balance is to support additional staff resources (part-time Head Teacher) and £5k is the relocation and installation of IT Equipment and Data cables.

4.3.3 Blagdon

£33.6k of this balance is towards staff salaries costs for 2015-16. The remaining is used for premises and educational supplies and services.

4.3.4 Blessed Hugh Faringdon

The majority of the schools excess balance relates to the development of the Food technology room and specific curriculum resources.

4.3.5 English Martyrs

The school has indicated that this relates to the building project to extend the school hall.

4.3.6 Geoffrey Field Infant

This balance has been earmarked to their extensive expansion works.

4.3.7 Micklands

A number of reasons have been given to the excess balance most notably capital investment for full refurbishment of the Upper Junior boys' toilets, re-roofing of the Foundation Stage building, refurbishment of the link walkway ceiling and also the purchase of new IT curriculum equipment.

4.3.8 Newbridge

The nursery has indicated that £10k has been put aside for the increase in rent for 2015-16. £3k is for the back-dated payment for a staff member as the increment was not implemented. There is also £4.9k which is for IT equipment (Ipad tablets) for key workers.

4.3.9 New Christchurch

The balance held is for the refurbishment of the Bonsai classroom and contribution to the LCVAP project for the toilet refurbishment.

4.3.10 St Johns

This has been earmarked for additional staff costs and to support SEN

4.3.11 St Martins

The school has indicated that £9.5k relates to Capita ICT support and Capita recruitment. The remaining £8.5k is ring-fenced for groundwork and other works planned for the summer holiday.

4.3.11 The Ridgway

The majority of the schools balance is due to the inability to replace Year 1 teacher which costs approximately £23k and to also employ a new deputy head at a cost of approximately £50k. The remaining balance will be used for a refurbishment of the hall, new laptops and new furniture for Year R and Year 2 due to the expansion.

4.3.12 Wilson

A variety of reasons have been given by the school for holding the excess balance including staffing, premises and running costs.

Appendix 1: 31 March 2015 Excess Balances

School Name	Excess Balance as at 31/03/2015	Staffing / remodelling	Contingency Funds	Specific Curriculum Resources / Special Facilities	Grants C/Fwd	Furniture, IT, one off expenditure (capital nature)	Maintenance & Refurbishment	Total	Amount entered on Response Form
All Saints	63,706	8,049				5,000	50,759	63,808	63,808
Blagdon	30,339	33,594		3,472			26,000	63,066	63,066
Blessed Hugh Faringdon	44,413		91,953	178,109				270,062	270,062
English Martyrs	64,666						100,000	100,000	100,000
Geoffrey Field Infant	59,145						59,721	59,721	59,721
Micklands	45,322					33,059	67,543	100,602	100,602
Newbridge	14,997	3,068	3,142			4,877	10,744	21,831	21,831
New Christ Church	12,879			8,996			31,080	40,076	40,076
St Johns	16,161	16,161						16,161	16,161
St Martins	6,047	6,566		2,998			8,501	18,065	18,065
The Ridgeway	61,078	73,000					34,958	107,958	107,958
Wilson	47,266	38,245		34,396	23,387	32,073	48,028	176,129	176,129

Shaded schools also appear on Appendix 2

Appendix 2: Excess Balances 31 March 2014

School Name	Excess Balance as at 31/03/2014	Staffing / remodelling	Contingency Funds	Specific Curriculum Resources	Grants C/Fwd	Furniture, IT, one off expenditure & Expansion costs	Maintenance & Refurbishment	Total	Amount entered on Response Form
All Saints	48,668	40,286				36,080	1,000	77,366	77,366
Blagdon	94,246	47,186		4,200		76,086		127,472	127,472
English Martyrs	11,744		94,222			37,500		131,722	131,722
Blessed Hugh Faringdon	58,379			19,237	46,159	150,000		215,396	215,396
Katesgrove	250,223					321,051	86,244	407,295	407,295
New Christ Church	22,961	22,875		12,919	16,873	20,000	13,750	86,417	86,417
Newtown	27,846			92,749		30,233		122,982	122,982
St Marys & All Saints	47,310	16,152		6,684		44,928		67,764	67,764
The Holybrook	26,530					5,000	36,774	41,774	41,774
The Ridgeway	51,612					12,023	14,329	26,352	26,352