



Date of Meeting	24 th September 2019
Portfolio	Cabinet Member for Children's Services
Report Author	Joanne Elcock
Public/Private Document	Public

Schools Final Outturns and Reportable Surplus Balances 2018/19

Executive Summary

- 1.1 In line with the Scheme of Delegation with respect to school budgets, it is a requirement that the overall position on the balances held in schools be reported to the Overview and Scrutiny Committee.
- 1.2 This report provides details of the overall position of school balances and the level of reportable surpluses to enable members to scrutinise the level of balances held by schools.

Recommendation

- 2.1 It is recommended that members scrutinise the reports and any action taken by Schools Forum on the schools reportable surplus balances and note or provide challenge as appropriate.

Reason for Recommendation

- 3.1 Under the Schools Standard and Framework Act 1998 (as amended) and the Scheme for Financing Schools, local authorities in conjunction with their schools forum are required to review and challenge the level of surpluses held by individual schools. In general, funds given to schools are for the purpose of educating the pupils in school at that time, although it is recognised that schools will accumulate some funds for specific longer term planned projects. Excessive accumulation of surpluses, unless saved for a planned purpose, could represent a loss of opportunity for these pupils.
- 3.2 Equity of funding for schools is an important element of contributing to the Council's priorities and vision to build success and prosperity through encouraging local children to achieve the qualifications they need to prepare them for work and a prosperous life.

Key Points for Consideration

- 4.1 Surplus balances greater than 8% of a school's funding for a consecutive two year period are subject to challenge and review by the local authority in conjunction with Schools Forum. Potentially, under Rochdale's Scheme for Financing Schools, any surpluses fitting these criteria and not deemed to be used for 'eligible' purposes can be clawed-back with re-distribution to all schools via the fair funding formula. It is for Forum to agree the Scheme and the local authority to administer on School Forum's behalf. A copy of the section of the Scheme dealing with reportable surpluses is provided at Appendix A.
- 4.2 Schools final outturns for 2018/19 and an overview of the level of surplus balances in schools as at 31st March 2019 were reported to Schools Forum in June 2019.

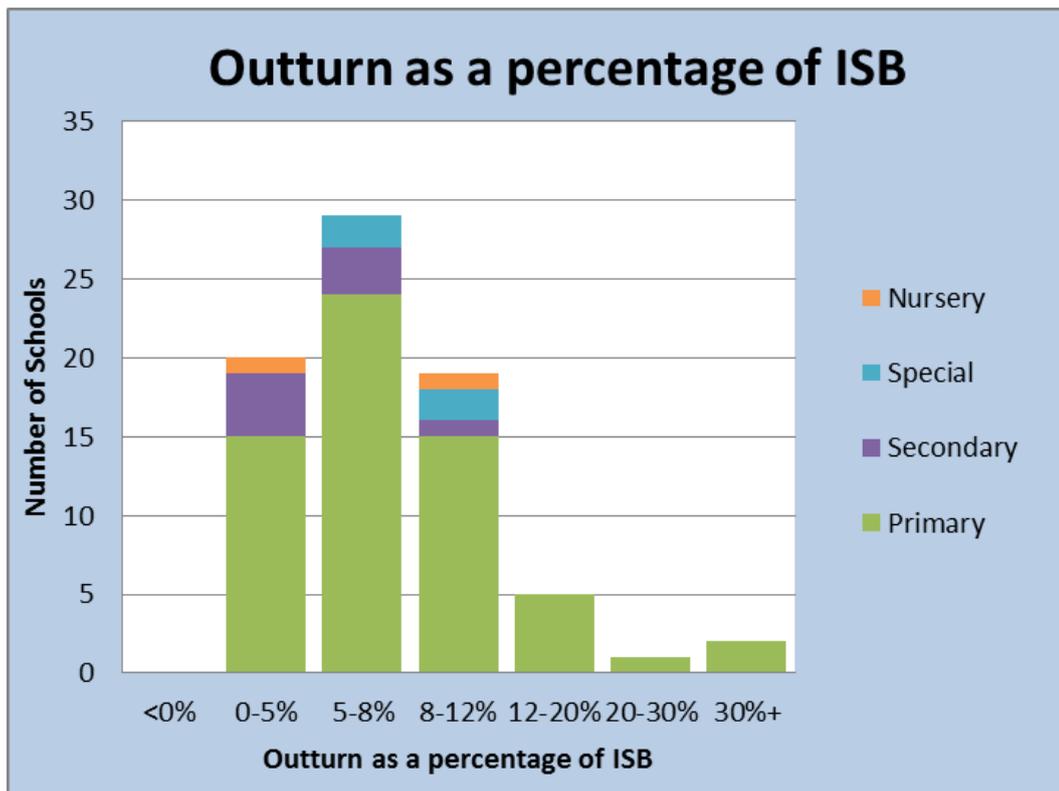
Level of Balances - Final Outturn 2018/19

Outturn for 2018/19 showed total school balances of £11,614k.

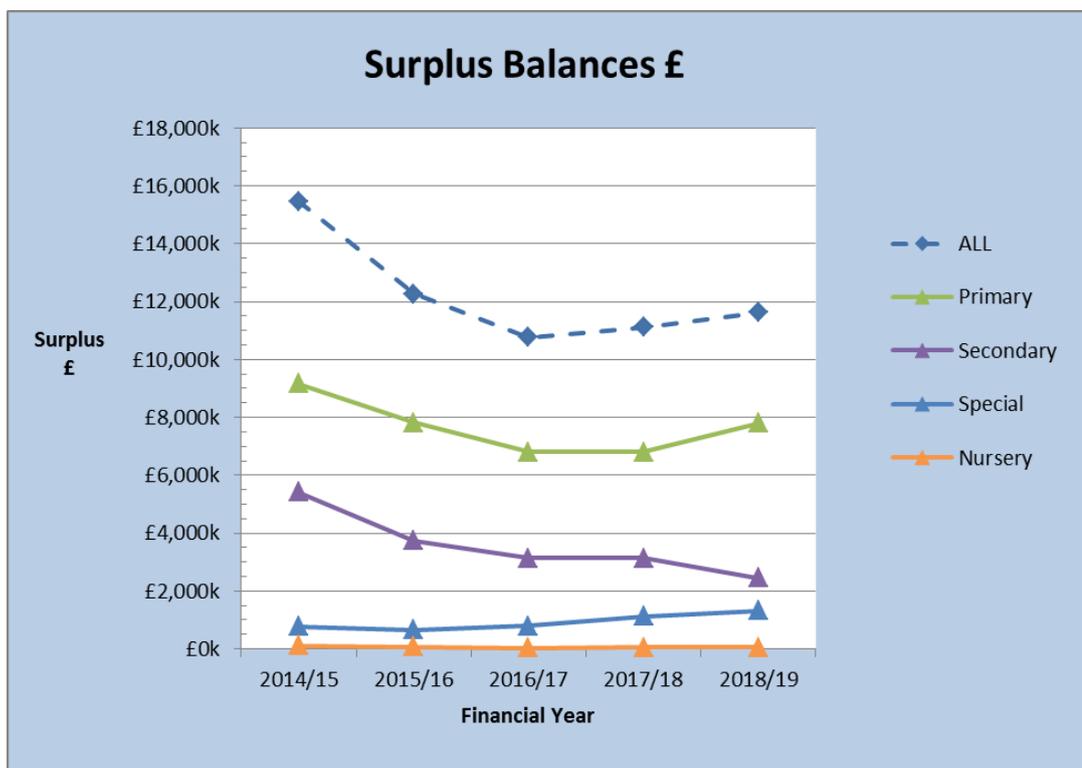
The overall final Individual School Budget (ISB) balance for 2018/19 compared to 2017/18 is summarised in the table below. There has been an increase in the overall surplus balance in primary and special schools whereas the balance held by secondary schools has dropped by more than 21% and nursery schools have seen just a minor drop.

Sector	Final 2018/19 £000	Final 2017/18 £000	Change £000	Change %
Nursery	46	48	(2)	(4.1%)
Primary	7,790	6,803	987	14.5%
Secondary	2,449	3,127	(678)	(21.7%)
Special	1,329	1,132	197	17.4%
Overall	11,614	11,110	504	4.5%

- 4.3 Balances overall represent around 8% of maintained schools funding for 2018/19. Overall balances have increased by £504k or 4.5% from the 2017/18 position.
- 4.4 Surplus balances for 2018/19 range from 1.2% to 49.5% of ISB. A breakdown is shown in the following graph which highlights that the majority of schools have surplus balances of under 8%; however 29 out of 76 (38%) of schools do have a surplus balance in excess of the 8% threshold.



4.5 The following graph shows the level of balances over the last five years and highlights how balances are steadily decreasing both overall and per sector.



4.6 It is primary schools that hold the largest proportion of the overall balance, but it should be noted that it is approximately only a quarter of primary schools with significant balances; 18 out of 66 schools hold 50% of the total primary sector balances.

- 4.7 It is also worth noting that capital funding available to schools has reduced significantly in the last few years; schools increasingly have to use revenue funds to carry out improvement works to school premises. This will have the effect of increasing balances held by schools to contribute to the cost of any works taking place in the following financial years.

Reportable Surplus Balances 2018/19

- 4.8 Rochdale's Scheme for Financing Schools allows for schools to carry forward balances from one financial year to the next but also contains a mechanism to clawback excess surplus balances where there is no clear plan of its use on eligible expenditure. Eligible expenditure approved by the Local Authority is as follows:

Repairs and Maintenance

- Revenue contributions to specific capital projects
- Essential Health and Safety Works
- Essential Security works
- Other specified Repair and Maintenance

Investment: Information Technology

- Major investment in Information Technology equipment and/or facilities

Short term staffing

- Additional teaching or support staff (12 months only)

Other permitted uses

- Investment in Community facilities
- Pupil Premium monies carried forward – up to 12% of the pupil premium allocation for the financial year.

- 4.9 The 'balance control mechanism' in the Scheme for Financing Schools ensures that schools with a surplus greater than 8%* of their ISB for two consecutive years are subject to review by the LA in conjunction with School Forum. Schools that fall into this category are considered to have a reportable surplus and governing bodies have to report details of the planned use of the amount in excess of the 8% to the LA.

**Note that there is a threshold of 12% for small schools with less than 180 pupils and the Pupil Referral Unit.*

- 4.10 There are currently 29 schools (25 primary, 1 secondary, 1 nursery and 2 special) with a surplus balance greater than the threshold percentage.

- 4.11 Of these 29 schools, 15 are subject to review in accordance with Section 4 of the Scheme for Financing Schools. All 15 schools have provided details of

the planned spend and a summary is provided at Appendix A.

Costs and Budget Summary

- 5.1 There are no cost implications in relation to the contents of this report.
- 5.2 Following review of the use of reportable surpluses, Schools Forum has the authority to claw back from individual schools any reportable surplus amounts that have not been or will not be utilised by schools in accordance with the Scheme. Any funds clawed back will be re-distributed across all schools via the schools funding formula.

Risk and Policy Implications

- 6.1 When schools hold high balances there is a risk that it could represent a loss of opportunity for those pupils for whom the funding was allocated. There is also a statutory duty to use resources efficiently and effectively against priorities.
- 6.2 Schools Forum is a statutory body with certain statutory powers in relation to school funding governed by legislation. Local authorities are required to have a Scheme for Financing Schools and school forums have the authority to approve changes to such a Scheme.

Consultation

- 7.1 All schools in the borough are provided with copies of reports prior to Schools Forum meetings as part of the consultation process. No comments on the report were received.

There is no specific requirement to consult on this report to members.

Background Papers	Place of Inspection
--------------------------	----------------------------

8.1	
-----	--

For Further Information Contact:	Joanne Elcock joanne.elcock@rochdale.gov.uk
---	--

