

Report to:	SCHOOLS' FORUM
Date:	25 June 2019
Reporting Officer:	Tim Bowman, Assistant Director, Education Tom Wilkinson, Assistant Director, Finance
Subject:	SCHOOL BALANCE 18-19 AND BALANCE MECHANISM 19-20
Report Summary:	This reports provides information relating to balances held by schools at the end of 2018/19.
Recommendations:	Schools Forum notes the current balances. Further analysis of 2019-20 surplus balances to follow October 2019.
Corporate Plan:	Schools spending support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supporting aspiration and hope through learning and moving with confidence from childhood to adulthood.
Policy Implications:	In line with financial policies and financial regulations
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	As outlined in the body of the report.
Legal Implications: (Authorised by the Borough Solicitor)	Overall effective use of resources across Tameside schools is a key component in the Authority's Annual Use of Resources Statement. We need to ensure any approach is maintained and kept under review and perverse incentives do not occur.
Risk Management:	The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and closure of accounts to ensure that this is achieved. These are subject to regular review.
Access to Information:	The background papers relating to this report can be inspected by contacting  Telephone: 0161 342 3216  e-mail: christine.mullins@tameside.gov.uk

1. INTRODUCTION

- 1.1 The purpose of the paper is to update members on the level of actual school balances for 2018-19 for maintained schools.
- 1.2 All schools receive their delegated budget share based on the Local Funding Formula and governing body have delegated powers and responsibilities to manage and deploy their financial resources in accordance with their agreed aims and objectives to achieve the best outcomes for pupils.
- 1.3 Maintained schools are permitted to carry forward any year end surplus/deficit recorded at the 31st March to the following financial year as long as they conform to rules of the Balance Control Mechanism Scheme as at Appendix A

2. FINAL POSITION 2018-19

- 2.1 Table 1 below summarises school balances for the financial year 2018-19 by sector and the change in position from 2017-18.

Table 1 Schools Balances compared 2018/19 balances 2017/18.

Sector	2017/18	2018/19	Movement	% Change
Primary	£7,353,202	£7,003,697	(£349,505)	(4.75%)
Secondary	(£3,364,149)	(£22,797)	£3,341,352	(99.32%)
Special	£215,718	£408,373	£192,655	89.31%
Total Schools	£4,204,770	£7,389,273	£3,184,503	75.74%

- 2.2 The table identifies that overall school balances have increased by £3.185m or 75.74% 2017/18.
- In the primary sector the overall surplus balance reduced by -£0.350m, however some of this reduction relates to 3 academy conversions £0.461m meaning the actual movement in year in the maintained sector is an increase £0.111m.
 - In the secondary sector the deficit balances reduced by £3.341m or -99.32%
 - There was an increase in surplus balances in the special sector of £0.193m or 89.31%.
- 2.3 Table 2 below analyses further the overall balances split by those schools in surplus and those school closing the financial year with a deficit balance.

Table 2 - Schools balances 2018/19 surplus and deficits analysed separately.

Sector	No	Surplus	No	Deficit	Total
Primary	57	£7,012,753	1	(£9,056)	£7,003,697
Secondary	4	£1,544,295	2	(£1,567,092)	(£22,797)
Special	4	£425,718	1	(£17,344)	£408,373
Total Schools	65	£8,982,765	4	(£1,593,492)	£7,389,273

- 2.4 Table 2 includes 6 primary schools that converted to academy in 2018-19, 1 with a deficit balance and 5 with surplus balances totalling £501,817.
- 2.5 In 2018-19 a review of the PFI contract related to the 6 schools in the Building Schools for the Future (BSF) Project resulted in a rebate to 4 secondary schools and 2 special schools

totalling £3.252m. This included £2.818m that related to previous financial years and £0.434m related to a 2018-19 in-year rebate that will potentially be available each year going forward. In addition to this £0.787m was redistributed to all schools.. This has in some part accounted for the increase in balances in those sectors.

- 2.6 Looking at schools with surplus balances Table 3 shows the schools surplus balance as a % of their funding allocation for 2018-19.

Table 3 shows the schools with surplus balances and the percentage balances held.

Actual School Balances 2018/19	Under 5%	5.01% - 8%	8.01%% - 10%	10.01% to 15%	15.01% - 20%	Over 20%
Primary Schools	15	10	7	12	10	4
Secondary Schools	3	1	1		1	
Special Schools	3				1	
Total	21	11	8	12	12	4

Italics - Represent surplus schools exceeding permitted balances 36 in total.

3. BALANCE MECHANISM SCHEME

- 3.1 A number of schools have seen increases in their balances over and above that approved under the balance mechanism scheme for 2018-19.
- 3.2 The Schools Finance Team has offered more support to work closely with schools to ensure the budget plans being set for 2019-20 are more robust and accurate at the start of the financial year and to support schools in taking a more strategic approach to budget setting. Additional budget monitoring support is also on offer to ensure schools are regularly reviewing their budget and are in a position to review and change budget spending plans within the financial year in order to manage any surplus balances.
- 3.3 Once all the budget plans for 2019-20 (31 May) and approved surplus plans (30 June) have been received and reviewed by the LA a further report on schools spending plans and surplus balances will be reported to Schools Forum in October.
- 3.4 This will also include any recommendations for managing excess surplus balances and the claw back of any balances at the end of 2019-20.
- 3.5 Schools have received the 2019-20 template and guidance on the scheme in April, there is one small change to the scheme this year relating to the funding used to calculate the surplus balance % which is detailed below.
- 3.6 The surplus balance should be calculated by taking 2019-20 Year End Balance on the schools 2019-20 budget plan as a percentage of the 2019-20 DSG Funding (this will include Schools Block, High Needs Block and Early Years Block but not Pupil Premium grant). Pupil Premium grant had been used in previous years.

4. CONCLUSION

- 4.1 Once all the budget plans for 2019-20 (31 May) and approved surplus plans (30 June) have been received and reviewed by the LA a further report on schools spending plans and surplus balances will be reported to Schools Forum in October along with recommendations for managing any claw back in 2019-20.

5. RECOMMENDATIONS

5.1 As set out at the front of the report.