

READING BOROUGH COUNCIL
REPORT BY FINANCIAL SERVICES

TO:	Reading Schools Forum		
DATE:	14 July 2016	AGENDA ITEM:	5
TITLE:	School Balances at 31 st March 2016 - 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.
- 2.3 To note the increase risk of deficits left by academy converters. A potential means of funding this would be by clawing back some element of excess balances using the balance control mechanism. However this would be a decision for Schools Forum and not the local authority.

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 2016. 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
- Blessed High Faringdon
- English Martyrs
- Geoffrey Field Infant
- Geoffrey Field Junior
- Katesgrove
- Newtown
- Newbridge Nursery
- New Christ Church
- St Johns

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. This shows an overall increase in excess balances.

	14-15 £	15-16 £
Gross Surplus	3,689,666	3,992,222
Gross Deficit	(521,009)	(622,488)
Total Excess Balances	407,178	753,275
Total Individual Schools Budget (Including Pupil Premium)	57,565,047	60,816,095
Net Aggregate Surplus / Total Individual Schools Budget	5.50%	5.54%
Gross Surplus / Total Individual Schools Budget	6.41%	6.56%
Gross Deficit / Total Individual Schools Budget	0.91%	1.02%
Total Excess Balances / Total Individual Schools Budget	0.71%	1.24%

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 Generally with regard to excess balances the view of the Authority is

- 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
- Resources in the LA to improve schools are reducing therefore it is incumbent upon schools to use their own resources to make improvements.

We have asked for comments from School Improvement and Education Assets regarding the schools concerned but were yet to receive a response at the time of writing the report. A verbal update will be given at the meeting.

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

4.3.2 All Saints

£30k for ongoing expansion costs

£42k of the balance is to support additional staff resources

4.3.3 Blessed Hugh Faringdon

£150k for Refurbishment of Windows, canteen and IT
£32k on specific curriculum resources.

4.3.4 English Martyrs

£150k Creation of School Library Building
£32k KS2 Playground Improvements

4.3.5 Geoffrey Field Infant

£16k on Supply Teacher Cover
£7k on alterations
£7k on 'Singapore' Maths resources/staff training

4.3.6 Geoffrey Field Junior

£74k Teacher Staffing remodelling
£14k Chrome books for curriculum use
£48k Upgrades and maintenance on school

4.3.7 Katesgrove

£5k on Health and Safety (Fire Extinguisher)
£55k on an extra year six class from Sept 16, with associated costs of employing an additional teacher and classroom support.

4.3.8 Newtown (Academy conversion 1st June 2016)

£20k Grant for Academy conversion (Ring-fenced)
£153k Outstanding capital commitments to expansion work with IT /resources for pupil growth
£45k additional staffing for Summer term.

4.3.9 Newbridge Nursery

£30K Contingency due to EYSFF funding changes in raising 3s
£44K for replacing play equipment, alarm system and fencing.

4.3.10 New Christchurch

£20k on Toilet refurbishment
£15k on ICT Computer hardware

4.3.11 St Johns (Academy conversion 1st June 2016)

£25k Grant for Academy conversion (Ring-fenced)
£36k on School grants (PE & PP)
£52k on Staff Structure with Newtown
£62k Contingency relating to maternity leave cover being cheaper.

Appendix 1: 31 March 2016 Excess Balances

School Name	Excess Balance as at 31/03/2016	Staffing / remodelling	Contingency Funds	Specific Curriculum Resources / Special Facilities	Grants C/Fwd	Furniture, IT, one off expenditure (capital nature)	Maintenance & Refurbishment	Total
All Saints	70,373	42,211					30,990	73,201
English Martyrs	134,104						182,000	182,000
Geoffrey Field Infant	25,603	16,450		7,159			6,801	30,410
Geoffrey Field Junior	48,388	74,200		14,000			48,000	136,200
Katesgrove	51,104	54,500					4,700	59,200
New Town	146,096	45,573		11,294	20,000	51,461	90,369	218,697
St Johns	68,230			124,326	61,669		10,000	195,995
New Christ Church	21,361					15,000	20,000	35,000
Blessed Hugh Faringdon	114,063		101,262	31,803		150,500		283,565
Newbridge	25,807			30,000			44,045	74,045

Some Schools have only given us details on the excess amounts and/or total school balance.

Shaded schools also appear on Appendix 2

Appendix 2: Excess Balances 31 March 2015

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
All Saints	63,706	8,049				5,000	50,759	63,808
Blagdon	30,339	33,594		3,472			26,000	63,066
Blessed Hugh Faringdon	44,413		91,953	178,109				270,062
English Martyrs	64,666						100,000	100,000
Geoffrey Field Infant	59,145						59,721	59,721
Micklands	45,322					33,059	67,543	100,602
Newbridge	14,997	3,068	3,142			4,877	10,744	21,831
New Christ Church	12,879			8,996			31,080	40,076
St Johns	16,161	16,161						16,161
St Martins	6,047	6,566		2,998			8,501	18,065
The Ridgeway	61,078	73,000					34,958	107,958
Wilson	47,266	38,245		34,396	23,387	32,073	48,028	176,129