

Monitoring of School Balances

Schools Forum

6th March 2012

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Parish / Wards Affected: All

Purpose

- To advise Forum Members on the projected 2011/12 year end balances of Swindon Schools

Recommendations

- The Schools Forum is asked to note the estimated value of committed and uncommitted balances which Swindon schools expect to have available after closure of the 2011/12 financial year

1. Reasons

- 1.1 The Local Authority (LA) is required to monitor the level of balances held by schools as there is a national and local expectation that annual revenue funding allocated each year is used to support the education and well-being of pupils in school at that time. Unless there are clear and valid reasons why it is appropriate to do so, schools should not accumulate funds which could/should have been used to raise standards further. Conversely the LA needs to ensure all maintained schools remain financially sustainable and must work with individual schools where balances are low or where there are strong indications that they will be low in the immediate future.
- 1.2 The LA fully supports the principle that schools should hold a reasonable level of balances which may be built up over a number of years for strategic purposes as well as providing a degree of contingency funding for unexpected costs or funding reductions. At the same time the Forum has agreed that Schools and Academies should be challenged and held accountable for the level of balances they hold.
- 1.3 At the 17th January 2012 Schools Forum meeting a new trial scheme was agreed aimed at improving schools' accountability with regard to the management of their balances. In summary schools need to provide clear information to the LA (which can be shared with the Schools Forum) on how and why high balances have arisen and provide clear transparent plans on how and when funds are planned to be spent for the benefit of their pupils.
- 1.4 The main focus of the revised scheme is to improve forecasting and encourage those schools which have excess balances to utilise them by for example investing in premises or curriculum enhancements at an earlier date so that their pupils benefit as much as possible from the limited funds available. Under the new arrangements the LA will measure the effectiveness of individual schools by

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capturing their autumn forecasts of year end balances which can then be compared to actual balances after closure of each financial year's accounts.

2. Analysis of 2011/12 Estimated Year end Balances Surveys

- 2.1 The LA is pleased to report that survey forms have been received from all schools and a summary of the projected year end position and planned usage of surplus balances is provided in the table below.

Table 1 - Summary of estimated value & usage of 31st March 2012 Balances					
Total opening balances 1 st April 2011	Sector	Value Committed for use in 2012/13	Value Committed for use beyond 2012/13	Value Uncommitted	Total estimated 31st March 2012 balances
£5,173,289	Primary	£2,844,875	£197,673	£886,584	£3,929,132
£46,102	Secondary	£0	£0	(£128,190)	(£128,190)
£894,749	Special	£424,775	£0	£285,042	£709,817
£6,114,140	Totals	£3,269,650	£197,673	£1,043,436	£4,510,759
	%	72.5%	4.4%	23.1%	100.0%

- 2.2 The above information is based entirely on submissions from schools which have yet to be formally reviewed by the LA as part of its statutory role. A summary of each schools survey forms are attached at Annex A and there is a strong indication that overall balances are expected to fall significantly from the value carried forward at the end of 2010/11. It is relevant to note that Table 1 above and Annex A exclude Academies which operate on an academic year after conversion. As agreed by the Forum, Academies will be asked to provide information on their balances later in the year.
- 2.3 Based on the survey forms received only 11 schools plan to hold uncommitted balances which exceed the target per pupil values agreed by the Forum of;
- Primary settings £120 per pupil (minimum of £20,000)
 - Secondary settings £100 per pupil (minimum of £60,000)
 - Special settings £800 per pupil (minimum of £40,000)
- 2.4 Other general observations from the survey forms received are;
- 3 schools anticipate being in a deficit position at the financial year end – the LA will be working with these schools to arrange temporary loans and establish deficit recovery plans.
 - 31 schools anticipate holding no or very low uncommitted balances by the year end which, if realistic, would imply that the LA will need to work very closely with these schools to reduce their spending
 - Only 11 schools have plans to spend any of their balances on specified commitments beyond 2012/13

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- 2.5 It may be relevant to note that as a result of completing their survey form which showed that a year-end deficit was likely, one school contacted the LA to seek approval for a temporary loan.
- 2.6 Schools Forum Members are reminded that no claw backs will be implemented during 2012 regardless of how close schools were in estimating their year-end position. The table below was agreed at the last Schools Forum meeting and illustrates the actions that will be taken depending on the performance of individual schools.

Table 2 – Monitoring the accuracy of School financial forecasting		
Sector	Outturn compared to December Estimate	LA Action
Small / Medium Primary i.e. ISB up to £1.200m	Within £25k	<ul style="list-style-type: none"> School highly commended
	Within £50k	<ul style="list-style-type: none"> OK
	Above £50k	<ul style="list-style-type: none"> Review required understanding reasons – commentary provided to Schools Forum. Supportive intervention by Finance/Audit team to help improve forecasting process. Claw back after 2nd breach - where overall balances held exceed 8% of annual funding
Large Primary i.e. ISB above £1.201m	Within £40k	<ul style="list-style-type: none"> School highly commended
	Within £80k	<ul style="list-style-type: none"> OK
	Above £80k	<ul style="list-style-type: none"> Review required understanding reasons – commentary provided to Schools Forum. Supportive intervention by Finance/Audit team to help improve forecasting process. Claw back after 2nd breach - where overall balances held exceed 5% of annual funding
Secondary	Within £50k	<ul style="list-style-type: none"> School highly commended
	Within £100k	<ul style="list-style-type: none"> OK
	Above £100k	<ul style="list-style-type: none"> Review required understanding reasons – commentary provided to Schools Forum. Supportive intervention by Finance/Audit team to help improve forecasting process. Claw back after 2nd breach - where overall balances held exceed 2% of annual funding
Special	Within £40k	<ul style="list-style-type: none"> School highly commended
	Within £80k	<ul style="list-style-type: none"> OK
	Above £80k	<ul style="list-style-type: none"> Review required understanding reasons – commentary provided to Schools Forum. Supportive intervention by Finance/Audit team to help improve forecasting process Claw back after 2nd breach - where overall balances held exceed 5% of annual funding

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- 2.7 The LA will report how well each school performed in estimating their year-end position at the July 2012 Schools Forum meeting. During April the LA will issue estimate balance surveys to Academies for completion by the end of May i.e. three months before their year-end. This information will also be reported to the July Forum meeting.

Alternative Options

There are no alternative options presented in this report.

Risk Management

Financial and Procurement Implications

- Various financial implications are included in this report relating to the monitoring and management of school balances

Legal / Human Rights Implications

- There are no legal or human rights implications arising from this report.

Links to Corporate Plans and Policies

- Scheme for Financing Swindon Schools

Diversity Impact Assessments

- As there are no proposals in this report, DIA's have not been completed.

Consultees

The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

Appendix A – Summary of Swindon Schools Estimated Year End Balances Surveys for 2011/12

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