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Report title:		School Balances 2016-17 – Report on Surplus Expenditure Plans
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Executive Summary

This report provides a further update to the Schools Forum on the Maintained School Retained Balances as at 31 March 2017.

Schools Forum Actions

To advise as to what action should be taken with respect to those schools forecasting an excess balance at 31 March 2018.

1.   Total Revenue School Balances at the end of 31 March 2017

1.1   The report to the Schools Forum in July 2017 explained that Southwark has adopted controls on surplus revenue balances using thresholds of 5% for secondary schools and 8% for other schools. A breakdown of the number of schools holding revenue balances in excess of the threshold by phase was provided:

Table 1: Schools in Excess of Agreed Threshold

Phase	2016-17 No.	2015-16 No.	2014-15 No.
Nursery	2	4	2
Primary	25	30	38
Secondary	2	2	3
Special	7	6	7
Total	**36**	**42**	**50**

1.2   In order to investigate these balances further, Schools Finance obtained information from schools as to what commitments they held against those balances. A significant number of schools have set in-year deficit budgets for 2017-18 which will see these balances diminish. Following from the Quarter 1 Budget Monitoring returns, an analysis was undertaken to determine which of those schools with excess balances at 31 March 2017 were forecast to have an excess balance at 31 March 2018.

1.3   The number of schools overall forecasting an excess balance has fallen by two thirds, from 36 at 31 March 2017 to 10 at 31 March 2018. The table below shows the decrease in numbers by school phase. The total sum held by these 10 schools, in excess of their threshold is £3.3m. The majority of that balance, £3m, is held by three schools.

Table 2: Schools Forecasting in Excess of Agreed Threshold at 31 March 2018

Phase	2017-18 No. Forecast	2016-17 No.
Nursery	1	2
Primary	8	25
Secondary	1	2
Special	0	7
Total	**10**	**36**

1.4 The Appendix 1 to the July Schools' Forum report on excess balances contained the revenue balances of all schools by type. This table has been updated to include the forecast revenue balances of schools as at 31 March 2018 as based on the Quarter 1 budget monitoring report.

1.5 The table below shows the total revenue balances forecasted to be held by those schools projecting an excess balance as at 31 March 2018, and also the amount over their threshold.

Table 3: Total Revenue Balance and Excess of Agreed Threshold at 31 March 2018

Sequential School Number	Forecast total revenue balance at 31 March 2018	Amount over threshold
17	137,279	1,102
46	192,710	5,533
41	134,041	12,792
50	115,835	18,527
54	138,054	23,540
4	156,188	91,909
56	374,022	151,356
70	751,813	444,959
67	1,345,649	1,120,008
66	1,588,914	1,436,229
Total	4,934,506	3,305,954

2.   Action Regarding Excessive School Revenue Balances

2.1   Up until 2010 local authorities had to have a balance control mechanism in their Scheme for Financing Schools. This was relaxed and the regulations amended as contained in the December 2015 statutory guidance from the DfE 'Schemes for Financing Schools' which states:

> 'Controls on surplus balances: The scheme may contain a mechanism to claw back excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.'

2.2   Schools are also required by the Schools Financial Value Standard (SFVS) to have a clear plan for reserves and balances they hold. This plan should be submitted to the council by 30 June each year.

3.   Commitments Held Against Excess Balances

3.1   For those schools below, the commitments are listed against their balances

	Commitment	Total Revenue Balance at 31 March 17	Forecast Rev Balance at 31 March 18
School 17			
Staffing salaries	**152,932**	**152,932**	**137,279**
School 46			
Contribution to capital project	163,000		
Ring fenced grant income	10,959		
Revenue deficit 2017/18	57,613		
Contingency reserve set aside - falling roll / future revenue deficit	192,710		
TOTAL	**424,282**	**424,282**	**192,710**
School 41			
Contribution to capital project	12,000		
Ring fenced income-payments for trips/clubs	26,792		
Ring fenced grant income	6,790		
Budget deficit 2017/18	6,185		
Contingency reserve 2017/18 to cover future budget cuts	143,765		
TOTAL	**195,532**	**195,532**	**134,041**
School 50			
Update CCTV within school and install in school house to increase security	25,000		
Refurbish 1st floor of school house for teaching and learning	5,000		
Replace Early Years/KS1 climbing frame, install games area/expand grass area to develop gross motor skills	15,000		

	Commitment	Total Revenue Balance at 31 March 17	Forecast Rev Balance at 31 March 18
Creation of EYFS/KS1 intervention room to cater for needs of younger children	2,000		
2 additional SEN Teaching Assistants to increase support to SEN children	28,000		
Part time EAL teacher for provide increased support	23,000		
3 additional Midday Supervisors	37,500		
TOTAL	**135,500**	**225,103**	**115,835**
School 54			
No commitments	**0**	**280,347**	**138,054**
School 4			
SENCO for nursery	47,800		
Contingency re: to 30 hours per week childcare	11,200		
Staffing	36,500		
Increase in catering costs	4,900		
Outdoor play areas	25,000		
Emergency maintenance on doors	5,000		
IT upgrade	30,000		
Covering staffing costs	75,602		
TOTAL	**236,002**	**236,002**	**156,188**
School 56			
Contribution to capital project	306,307		
Revenue overspend in 2017/18	75,436		
TOTAL	**381,743**	**755,766**	**138,054**
School 70			
Funding teachers recruited Sep 2016 for 2018/19 and 2019/20 when growth funding was incorrectly indicated in Feb 2016	**1,259,621**	**1,259,621**	**751,813**
School 67			
Contribution to capital project	80,000		
Contribution to capital project	150,000		
Playground shade / play equipment replacement	60,000		
IT Replacement	180,000		
Rolling programme of window replacement/refurb	70,000		
Improved security - for lockdown measures	30,000		
TOTAL	**570,000**	**1,508,664**	**1,345,649**
School 66			
Contingency	154,470		
Pupil Premium	90,779		
Pupil Support	98,815		
Extended School	89,850		
Major Works	1,155,000		
TOTAL	**1,588,914**	**1,588,914**	**1,588,914**

Appendix A – Schools Closing Revenue Balance at 31 March 2017 and Forecast Closing Revenue Balance as at 31 March 2018

Table A: Nursery Schools

Sequential School Number	Closing revenue balance at 31 March 2017	Forecast closing revenue balance at 31 March 2018	NoR - Jan 2017
1	-52,854	36,020	70
2	12,001	-6,376	262
3	42,139	-27,367	128
4	252,365	156,188	164
5	236,002	59,615	88
Nursery Schools	**489,653**	**218,080**	**712**

Table B: Primary Schools

Sequential School Number	Closing revenue balance at 31 March 2017	Forecast closing revenue balance at 31 March 2018	NoR - Jan 2017
6	-195,160	-193,345	508
7	-146,760	-4,487	293
8	-93,443	-92,989	484
9	-87,706	-19,998	237
10	-70,849	-70,405	412
11	-35,046	-13,243	202
12	-33,305	992	236
13	-24,184	116,846	432
14	-9,743	0	158
15	-3,972	-95,087	543
16	7,293	-62,030	222
17	8,851	137,279	258
18	13,212	-39,964	214
19	32,411	51,324	353
20	35,752	70,617	443
21	40,069	91,937	390
22	41,570	83,455	200
23	52,331	94,075	644
24	60,829	-41,481	465
25	64,155	948	217
26	70,978	42,483	406
27	71,532	-11,389	435
28	79,450	-22,889	150
29	96,313	149,700	234

Sequential School Number	Closing revenue balance at 31 March 2017	Forecast closing revenue balance at 31 March 2018	NoR - Jan 2017
30	107,808	49,083	347
31	115,181	4,250	431
32	124,678	0	547
33	125,090	84,238	109
34	126,012	51,650	232
35	130,409	29,075	334
36	137,235	8,514	272
37	141,482	35,751	255
38	142,357	-41,481	455
39	152,932	0	210
40	158,164	14,312	223
41	160,850	134,041	202
42	169,488	0	233
43	181,236	115,221	530
44	187,082	110,447	454
45	191,860	82,209	326
46	192,159	-311,349	370
47	195,532	84,006	261
48	198,994	0	246
49	202,631	97,610	469
50	203,657	115,835	488
51	212,311	226,133	237
52	215,727	-199,641	445
53	221,151	-123,115	437
54	225,103	138,054	172
55	241,165	29,003	230
56	241,838	192,710	673
57	255,981	84,008	430
58	280,347	5,904	210
59	379,217	100,938	428
60	400,309	91,944	526
61	424,282	135,540	385
62	430,714	196,848	576
63	441,741	144,362	343
64	510,951	374,022	357
65	755,766	364,755	424
66	1,508,664	1,588,914	460
67	1,588,914	1,345,649	320
Primary Schools	**11,653,596**	**5,531,788**	**23,136**

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Table C: Secondary Schools

Sequential School Number	Closing revenue balance at 31 March 2017	Forecast closing revenue balance at 31 March 2018	NoR - Jan 2017
68	17,196	11,845	771
69	550,357	191,513	622
70	1,259,621	751,813	752
Secondary Schools	**1,827,174**	**955,172**	**2,145**

Table D: Special Schools

Sequential School Number	Closing revenue balance at 31 March 2017	Forecast closing revenue balance at 31 March 2018	NoR - Jan 2017
71	9,302	-103,402	67
72	93,543	2,648	35
73	129,380	113,362	97
74	164,028	-82,334	47
75	174,296	162,395	0
76	223,157	35,675	0
77	271,925	157,367	130
78	316,928	32,594	110
79	389,291	1,207	75
Special Schools	**1,771,851**	**319,512**	**561**