



Report to: Schools Forum

Date: 12th May 2016

Subject: Schools Outturn Position 2015-16

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Summary: To inform Schools Forum of the year end position of the Schools Budget and DSG for 2015-16. To update Forum on the level of schools balances as at 31/03/2016.

Recommendation(s): For Schools Forum to note the contents of the report

Implications:

*What are the **financial** implications?* n/a

*What are the **staffing** implications?* n/a

Risks: n/a

1. Introduction

- 1.1 The purpose of the report is to inform Schools Forum of the financial outturn position for 2015/16.
- 1.2 This report includes all resources allocated from the DSG Grant.

2. 15-16 Outturn Position

- 2.1 Appendix 1 attached to this report highlights the following:
 - An increase in carry forward of £1.778m into school balances including special schools.
 - There is a slight overspend on the Early Years Block which will be funded from reserve. This is simply due to the volatility of numbers of placements.
 - The High Needs block is reporting an overspend for 2015/16. The main reasons, as raised previously at Forum are around pressures on Independent Schools placements and additional Post 16 support.
 - A favourable variation of £0.364m relating to contingency / central expenditure. The central reserve less uncommitted items stands at £1.1m

3. School Balances

- 4.1 Forum has received a number of reports in the last few years concerning the level of balances held by schools. The mandatory requirement for Councils to operate a clawback scheme was removed in April 2011. Forum had previously agreed to suspend the scheme in light of formula changes and future uncertainties around funding.
- 4.2 It was agreed that the Finance Division would work with and support, on a less formal basis, those Schools who appear to be carrying excess balances. Below is a summary of balances as at 31/03/2016. Appendix 2 lists the balances held by school. We have not conducted an in depth review of balances as in previous years. Those holding balances in excess of 15% of the DSG budget are mainly using these funds to support capital/building work and refurbishments.

Table 1 – Summary of School Balances

Balances	Nursery & Primary (£)	Secondary (£)	Special (£)	Total (£)
As at 31/3/15	8,755,712	4,533,335	906,782	14,195,829
As at 31/3/16	9,219,203	5,546,210	1,131,081	15,896,494
Annual Increase / Decrease (+/-)	463,491	1,012,875	224,298	1,700,665
Annual % Increase / Decrease (+/-)	5.29%	22.34%	24.74%	11.98%
Number of Schools	96	13	6	115
Average Balance 31/3/16	96,033	426,632	188,513	138,230
Average Annual Increase	4,828	77,913	37,383	14,788

- 4.3 Academies and closed schools are excluded from both March 2015 and March 2016 values to enable a fair comparison to be made.
- 4.4 The table shows a significant increase in balances across all sectors, most markedly in the Secondary sector. The most significant variation is the reduction in the special school sector due to 1 school having contributed to a major capital scheme.
- 4.5 As a measure of what is a reasonable level of balances, DfE has historically used 5% of budget as a threshold for Secondaries and 8% for other sectors. The numbers of schools exceeding these thresholds are shown in Table 2 below.

Table 2 – Number of Schools exceeding DfE Threshold

Sector	Number of Schools	% of Schools
Nursery & Primary	54	57
Secondary	9	69
Special	2	33
Totals	65	58

- 4.6 The numbers are slightly up on the 59 reported in 2014/15.
- 4.7 After a slowing down from a period of rapid growth in balances, both in total and those judged to be “excess”, over the previous years, balances have now increased again. Whilst some degree of storing up reserves because of uncertain times ahead, is to be expected, this is a large increase. However we have noticed that there is significant use of balances to support budgets in 16/17.

5. Recommendations

- 5.1 Forum to note the outturn position and level of balances held

5.2 Forum to advise if any further information or review of school balances is required.