



Report to: Schools Forum

Date: 2nd July 2015

Subject: Schools Outturn Position 2014-15

Report of: James Winterbottom – Interim Director of Children & Families

Contact officer: John McDonald – Strategic Finance Manager
John.mcdonald@wigan.gov.uk

Summary: To inform Schools Forum of the year end position of the Schools Budget and DSG for 2014-15. To update Forum on the level of schools balances as at 31/03/2015.

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 2014/15.
- 1.2 This report includes all resources allocated to the Schools Budget.

2. 14-15 Outturn Position

- 2.1 Appendix 1 attached to this report highlights the following:
 - An increase in carry forward of £0.465m into school balances including special schools.
 - Of this sum £0.600m has been earmarked for allocating to schools (supplementary fund) during 2015-16 in response to budgetary pressures, as per previous Forum decision.
 - A carry forward of £1.670m relating to contingency / central expenditure

3. Analysis

- 3.1 The underspend on the Early Years Block relates mainly to the 2 year old offer. As members will be aware the government extended the early years offer to 2 year olds from Sept 2014. The estimates were compiled by the DWP and HMRC based on those eligible for funding. This estimate was based on full participation. The take up in Wigan was only 70%.
- 3.2 Changes to the application and allocation process have been introduced to ensure it is a simpler process for parents to apply. The council has also launched a marketing campaign to highlight the offer and maximise uptake. Hopefully this will see a rise in numbers. For 2015/16 the DfE will operate the scheme based on participation.
- 3.3 The high needs block is also reporting a underspend for 2014/15. The main reason was due to uncertainty around need and demands required from the block. A number of reviews have taken place throughout the year for example the Special Schools Review. This has resulted in a number of budget reallocations in line with need.
- 3.4 There has been a small increase in school balances and further information is contained in section 4.

4. 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 31/03/2015. 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	Primary (£)	Secondary (£)	Special (£)	Total (£)
As at 31/3/14	8,221,332	4,648,131	1,107,530	13,976,993
As at 31/3/15	8,751,924	4,533,335	906,782	14,192,040
Annual Increase / Decrease (+/-)	530,592	-114,796	-200,748	215,047
Annual % Increase / Decrease (+/-)	6.45	-2.47	-18.13	1.54
Number of Schools	93	13	6	112
Average Balance 31/3/15	90,226	348,718	151,130	126,715
Average Annual Increase	5,470	-8,830	-33,458	1,920

- 4.3 Academies and closed schools are excluded from both March 2014 and March 2015 values to enable a fair comparison to be made.
- 4.4 The table shows a small increase in balances in total, but in contrast to previous years. The most significant variation is the reduction in the special school sector due to 1 school having contributed to a major capital scheme.
- 4.1 As a measure of what is a reasonable level of balances, DfE recommends using 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	48	52
Secondary	9	69
Special	2	33
Totals	59	53

- 4.2 The numbers are slightly down on the 63 reported in 2013/14.

- 4.3 The latest comparative data, for 2012/13, showed that the percentage of schools exceeding these thresholds was 43.4% for England as a whole.
- 4.4 There is now a slowing down from a period of rapid growth in balances, both in total and those judged to be “excess”, over the past three years. Whilst some degree of storing up reserves because of uncertain times ahead, is to be expected.

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.