

| <b>West Berkshire Schools' Forum</b> |  |
|--------------------------------------|--|
| <b>Title of Report:</b>              | <b>School Balances as at 31 March 2014</b> |
| <b>Date of Meeting:</b>              | <b>9<sup>th</sup> June 2014</b>            |
| <b>Contact Officer(s)</b>            | <b>Claire White</b>                        |
| <b>For Decision</b>                  |  |

## 1. Introduction

- 1.1 The schools accounts for 2013/14 have now been closed and the closing balances for each school determined.
- 1.2 The following table summarises the overall closing balances of West Berkshire Maintained schools compared to the previous year (the opening balances relating to schools converting to Academies during the financial year have been removed for comparison purposes). A detailed breakdown per school is shown in Appendix A.

|                  | <b>As at 31<br/>March 2013<br/>£'000</b> | <b>As at 31<br/>March 2014<br/>£'000</b> | <b>Increase /<br/>(decrease)<br/>£'000</b> |
|------------------|--|--|--|
| <b>Nursery</b>   | 65                                       | 76                                       | <b>11</b>                                  |
| <b>Primary</b>   | 2,933                                    | 2,425                                    | <b>(508)</b>                               |
| <b>Secondary</b> | 804                                      | 262                                      | <b>(542)</b>                               |
| <b>Special</b>   | 170                                      | 742                                      | <b>572</b>                                 |
| <b>PRUs</b>      | 0  | 315                                      | <b>315</b>                                 |
| <b>Total</b>     | <b>3,972</b>                             | <b>3,820</b>                             | <b>(152)</b>                               |

- 1.3 Although overall balances have slightly decreased, there has been a significant decrease in primary and secondary schools as would be expected during a period of no funding increases, where as the balances at special schools and PRU's operating for the first year with place and top up funding have significantly increased.

## 2. Schools Closing in Deficit

- 2.1 Three schools budgeted a deficit in 2013/14 - John O Gaunt, Parsons Down Junior and The Willows. Of these schools, only John O' Gaunt closed with a deficit, the other two schools reorganising and managing their budgets well during the year and closing in surplus, and they are both expected to set a balanced budget for 2014/15. These two schools are commended for their hard work in managing their budgets. Four other schools closed with a deficit at the end of 2013/14 – Beenham, Bradfield, Bucklebury, and The Ilsleys.

2.2 The overall position at each of these schools as at 31 March 2014 was as follows (note that the figures are net of all revenue funds including for example pupil premium grant, so they are not just the main school budget):

|                                | 2013/14<br>Budget<br>Balance<br>£'000 | 2013/14<br>Actual<br>Balance<br>£'000 | Increase /<br>(decrease)<br>in Deficit<br>£'000 |
|--------------------------------|---------------------------------------|---------------------------------------|---|
| <b>John O'Gaunt</b>            | 140,670                               | 113,024                               | <b>-27,646</b>                                  |
| <b>Parsons Down<br/>Junior</b> | 13,670                                | -10,071                               | <b>-23,741</b>                                  |
| <b>The Willows</b>             | 43,240                                | -29,735                               | <b>-72,975</b>                                  |
| <b>Beenham</b>                 | 0                                     | 13,229                                | <b>13,229</b>                                   |
| <b>Bradfield</b>               | -6,670                                | 1,061                                 | <b>7,731</b>                                    |
| <b>Bucklebury</b>              | -100                                  | 14,208                                | <b>14,308</b>                                   |
| <b>The Ilsleys</b>             | <b>-7,590</b>                         | <b>21,475</b>                         | <b>29,065</b>                                   |

2.3 John O'Gaunt has managed to reduce their in-year planned deficit by £27k. There are still significant concerns that the pupil numbers are not increasing quickly enough to support their on-going expenditure plans, and that the deficit will continue to grow.

2.4 Beenham had an expensive staffing issue during 2013/14 resulting in a deficit at the end of the year. The school expects to set a balanced budget in 2014/15.

2.5 Bradfield went into special measures at the beginning of 2013, and have since faced the challenge of improvement against reduced funding. Staffing costs have increased with an Executive Head in place alongside other additional teaching resources. The school managed to close with a minimal deficit considering the increased staffing costs, but the 2014/15 budget is a significant challenge and is likely to be a deficit in part due to redundancy costs following a 2014/15 staff restructure. The school intend to submit a funding bid to meet these redundancy costs.

2.6 Bucklebury believed it was better to set a balanced budget they could work toward in 2013/14 rather than a deficit budget, but they were unable to achieve this aspirational budget. The current draft budget shows a growing deficit. The school is working with Schools Accountancy on their deficit recovery plan.

2.7 The Ilsleys is a small school of around 60 pupils and has seen a small decrease in its funding due to the national formula changes. The school commenced some staffing restructures in 2013/14 and incurred significant redundancy costs which were not budgeted. The school has submitted a funding bid to meet these redundancy costs, which if met will take them back into a balanced position, and with a viable staffing structure going forward.

### 3. Schools Closing with an Excess Surplus

3.1 West Berkshire's Balance Control Mechanism sets a maximum limit for balances on schools' delegated budgets of 8% primary and 5% secondary of the annual budget allocation or £20,000 (whichever is greater). Balances in

excess of this limit may be clawed back. Three schools have closed with an apparent excess surplus – Hampstead Norreys, Westwood Farm Infant, and Westwood Farm Junior.

3.2 Each school is required to complete a balance return, and if it has an excess surplus to provide an explanation and detailed information regarding use of the balance. The returns from each school are attached in appendix B.

3.3 Although outside the clawback scheme, it should also be noted that Brookfields Special School and the PRUs also closed with significant surpluses.

3.4 Schools should be commended on their continued ability during 2013/14 to monitor and control their budgets. At the close of the year there were no excessive/unexplained deficits or excess surpluses to cause significant concern, other than the continuing concerns at John O Gaunt school.

**For Decision:** Schools' Forum to decide whether to accept each of the three school's explanations for and use of their excess balance, or to refer any to the next Heads Funding Group to hear from the school, review and make a recommendation back to the Schools' Forum.

### **Appendices**

Appendix A – School Balances as at 31 March 2014

Appendix B – Balance Control Returns from Schools with Excess Surplus Balance

