

## **School Balances Update**

### **Key Messages**

Forum members are asked to:

- Note the outcome of the analysis of school balances, as discussed at the Funding Working Group and as summarised below.
- Note the proposed next steps identified by the Working Group.

### **1. Introduction/background**

- 1.1. The December 2021 Schools Forum agreed that the Funding Working Group should review further analysis around the balances and that an update be given to the February Forum.
- 1.2. Please note the overall balances held by schools:
  - Maintained schools - £16m (as at March 2021)
  - Academies - £36m (as at August 2020)

### **2. Analysis**

- 2.1. The total of the school's net balances at the end of the financial year 2020/21 was £16m. Analysis was provided to the Funding Working Group of the top ten schools with the highest balance. The latest quarter return for these schools highlights a total of approximately £6m to take forward into the next financial year.

<b>Top 10 Priority Schools</b>	<b>£'000</b>
Balance Carried Forward to 21/22	£7,997
Total of the Latest Financial Return	£6,418
Total to Committed Building Work	£2,575
Total of Uncommitted Balances	£2,998

- 2.2. Working Group discussion around the analysis was summarised as follows:
  - The analysis highlighted that some of the schools had indicated that they plan to spend some of the surplus on site repairs. Due to the impact of Covid many schools had stated that there had been delays with contractors.
  - The Working Group noted that some of the schools have moved from a deficit position in previous years to a surplus position and should be acknowledged for this.

- Concerns about falling pupil numbers has been highlighted as a reason to hold on to surplus unearmarked balances.
- There are substantial balances remaining even after planned expenditure has taken place, which may increase if currently identified projects are not undertaken or delayed.
- The implementation of the National Funding Formula may continue to have a positive impact on these balances and forecasts for several years.
- Other schools have suggested they wish to use the surplus to help avoid future deficits.

### **3. Next Steps**

- 3.1. The Working Group agreed the following next steps; ensuring we proceed cautiously with communication and deal with the matter sensitively, and that any next steps involved discussion and engagement with the relevant schools:
- Colleagues in the Schools Finance team to take the analysis to the senior leadership team and to then request a steer from members.
  - School Finance Team to undertake further analysis around proposed site costs.
  - Senior colleagues from Education and Skills team to arrange and visit schools to engage and better understand the reasons for these reserves.
  - To cross-reference the data on pupil numbers with schools with falling rolls.
  - Balances to be monitored on a regular basis by the Schools Finance Team, and updates provided to the Working Group.

### **4. Recommendations**

Forum members are asked to:

- **Note** the above progress around further analysis of school balances.