

School Balances Update

Key Messages

Forum members are asked to:

- Note the progress to date on clarifying maintained school balances and expenditure plans.
- Consider the next steps as per the recommendations.

1. Introduction/background

- 1.1. The September Schools Forum was asked to note the position on maintained school balances as at 31 March 2021, both surplus and deficit. It was noted that 68 schools had a surplus balance of £18.7m and the Forum agreed that we should write to schools requesting confirmation of balances; the reason for the balance; and to request details of strategic expenditure plans.
- 1.2. We wrote to all schools with a surplus balance, regardless of whether or not the balance was within the permitted level, asking for a response by 26 November. Some schools have enquired as to the reasons behind this request and many have stated that due to Covid, projects have been put on hold. Schools are looking at maintaining higher balances which can then be used to support future years due to the volatility and uncertainty related to Covid and national funding allocations.
- 1.3. As at 23 November, 29 of the 68 schools have replied. The responses have confirmed the balances giving further detail of expenditure plans totalling £9.1m. It should be noted that in the September quarter return, the 68 schools are reporting a year-end outturn of £14.1m.
- 1.4. We have also been able to access information on academy balances in the city. As of August 2020, academy trusts held a combined surplus balance of £36m. We realise that academies are constituted as companies with charitable status and would have additional requirements around “going concerns” and reserves.
- 1.5. Further work is required to establish the acceptable level of balances across the school sector, and it would be prudent for the Funding Working Group to set out a clear set of principles/framework to establish acceptable levels of reserves for future needs, while balancing the need to invest this funding for children who are currently in the education system.

2. Recommendations

Forum members are asked to:

- Note the progress to date on clarifying school balances.
- Agree for the Funding Working Group to review the assessment on maintained schools' reserves, review reserves held by academies; and bring a further update to the Forum in February.