

# ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>09 July 2014</b>	AGENDA ITEM:	<b>04</b>
Title:	<b>2013-14 Schools Block Budget Outturn and School balances</b>		
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## **1 PURPOSE OF REPORT**

- 1.1 This paper summarises the final outturn position of the 2013-14 Schools Budget, and the level of maintained school balances held at 31 March 2014.

## **2 SCHOOLS FORUM ARE RECOMMENDED TO NOTE:**

**2.1 The Schools Budget ended the financial year 2013-14 with an underspend of £0.548 million.**

**2.2 The underspend in 2013-14 is added to existing Dedicated Schools Grant reserves. The new reserve at the 31 March 2014 is £1.457m, of which £0.418m is to be allocated to the 2014-15 Schools Budget as previously agreed, £0.441 million for specific projects, leaving £599k uncommitted.**

**2.3 Maintained schools' balances, excluding income from loans, increased by £0.400m to £3.799m between 1 April 2013 and 31 March 2014<sup>1</sup>.**

**2.4 46 of 53 maintained schools ended 2013-14 with a surplus, two fewer than in 2012-13. The number of schools in deficit increased from five to seven.**

## **3 Schools Budget outturn 2013-14**

- 3.1 The Schools Budget outturn position relates to central expenditure in the Schools Block, High Needs Block and Early Years Block. This is because delegated school budget shares are treated as spent as soon as they are delegated. Information on school balances is given in part 5 of this paper.

- 3.2 The Schools Budget ended 2013-14 with an overall surplus of £0.548 million against a budget of £76.756 million<sup>2</sup>. The main reasons for this surplus are:

- Low uptake, as expected, of the two year old free education entitlement, resulting in a £239k underspend. In December 2013, Schools Forum agreed to earmark £100k of the underspend on 2 year olds for the 'capacity building reserve'.

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<sup>1</sup> Schools which converted to academies during or before 2013-14 are excluded from 2013-14 figures to ensure a like-for-like comparison among remaining maintained schools (see paragraph 5.1 for further information).

<sup>2</sup> This excludes £23 million relating to academy formula funding which the EFA deduct from RBWM's DSG allocation (academy recoupment).

- Low uptake of the free education entitlement for 3 & 4 year olds in the maintained sector, partly offset by higher take-up in the private, voluntary and independent sector. This is because: allocations to providers, which were driven by the January 2013 Early Years census, were less than the budgeted amount that had been set on historical pupil numbers; and adjustments for actual uptake during the year in nursery classes and schools meant funding was recouped from schools back to the centre, resulting in a net underspend of £175k.
- A bad debt provision for £80k had been made in 2012-13 which was subsequently paid to RBWM in 2013-14. This related to the reimbursement by the EFA for the deficit of a school which converted to academy.
- A net underspend of £229k on budgets for high needs pupils. Changes to the new high needs funding arrangements resulted in additional allocations after the budget had been set. The 2014-15 budget has been realigned to take account of this, although at the time of finalising the budget the final high needs funding allocation for 2014-15 had not been notified.
- Additional allocations to schools for expansions agreed by the LA resulted in a £100k overspend.
- Miscellaneous other variances resulted in a net overspend of £75k. The biggest element of this was a £47k overspend on maternity cover and union duties costs, for which maintained schools 'de-delegate' part of their budget.

3.3 As the Dedicated Schools Grant is a ring-fenced grant, and the surplus of £0.548 million has been added to the DSG reserve to be carried forward to 2014-15

#### **4 Dedicated Schools Grant reserve**

4.1 The available DSG reserve at the start of 2013-14 was £956k. Schools Forum agreed in December 2013:

- To allocate £488k to three earmarked reserves for specific centrally managed / brokered projects:
  - School to School Support (£200k)
  - Capacity Building for 2 Year Olds (£188k)
  - Additional Support for Children in Care (£100k)

During 2013-14, £47k was spent on these three projects, leaving £441k for use in 2014-15.

- To allocate £418k of the remaining reserve as a one-off allocation to the 2014-15 Schools Budget, (£378k to schools through the formula, and £40k to centrally retained budgets). This funding has already been allocated to schools in their 2014-15 delegated budget shares.
- To retain £150k (£956k - £388k - £418k = £150k) in the reserve as unallocated.

4.2 As reported in paragraph 3.2, the surplus in 2013-14 was £549k. £0.449m of this has been added to the general DSG reserve, and £0.1m for Two Year Old capacity building. Consequently the DSG reserve at the end of 2013-14 is £1.457 million. Of this £0.441m is allocated to the three brokered projects, bullet point 1, £0.418m allocated to schools in 2014-15, bullet point 2, and £0.599m remains unallocated in the general reserve (penultimate column of table 1). The DSG reserve movements are summarised in table 1. Proposals for using the £599k unallocated funding will be brought to Schools Forum in September 2014.

Table 1 DSG Reserve	Earmarked reserves				General DSG Reserve (B) £	Total DSG Reserve A+B £
	School to School Support £	Capacity building for 2YO £	Support Children in Care £	Total Earmarked Reserve (A) £		
Accumulated reserve 2013-14	0	0	0	0	(956,031)	(956,031)
Allocation to earmarked reserve	(200,000)	(88,000)	(100,000)	(388,000)	388,000	0
Spent in 2013-14	14,919	31,202	1,190	47,311		47,311
New 2013-14 surplus		(100,000)		(100,000)	(448,721)	(548,721)
<b>Closing surplus 2013-14</b>	<b>(185,081)</b>	<b>(156,798)</b>	<b>(98,810)</b>	<b>(440,689)</b>	<b>(1,016,752)</b>	<b>(1,457,441)</b>
Transfer to 2014-15 Budgets				0	418,000	418,000
<b>Available in 2014-15</b>	<b>(185,081)</b>	<b>(156,798)</b>	<b>(98,810)</b>	<b>(440,689)</b>	<b>(598,752)</b>	<b>(1,039,441)</b>

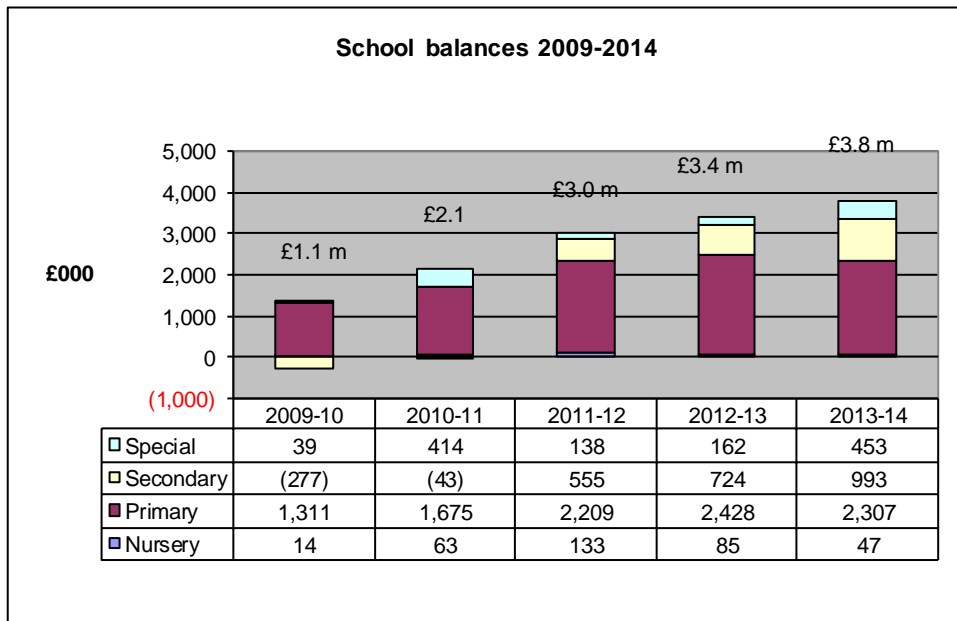
## 5 School balances

- 5.1 This section analyses maintained school balances at the end of 2013-14 and looks at trends over the last 5 years. As local authorities do not hold information on academy school balances, the analysis only includes existing RBWM maintained schools. Where schools include loans in their final balances, the loan amount has been excluded from the balances in order to present the underlying deficit position of these schools. Annex A provides details of school balances.
- 5.2 Maintained schools balances, net of loans, totalled £3.799 million, 5.7% of 2014-15 budget share, at the end of the financial year to 31 March 2014, see table 2.

Table 2: Maintained schools balances at 31 March 2014					
Schools with surpluses	Nursery	Primary	Secondary	Special	Total
Number of schools	3	37	5	1	46
Total surplus (£000)	£47	£2,392	£1,415	£453	£4,307
Schools with deficits					
Number of schools	0	4	3	0	7
Total deficit (£000)	£0	(£85)	(£423)	0	(£508)
<b>Net carry forward £000</b>	<b>£47</b>	<b>£2,307</b>	<b>£992</b>	<b>£453</b>	<b>£3,799</b>

- 5.3 The £3.799 million was an increase of £0.400 million, 11.7%, on the previous year and is the fourth consecutive year that the balances of RBWM's remaining maintained schools have increased. Balances are now £2.7 million above what they were in April 2010, £3.8 million compared with £1.1 million. The increase is partly to do with a reduction in the overall level of deficits being held, but mostly about schools continuing to build up their level of reserves, see diagram 1:

**Diagram 1: Year on year net balances**

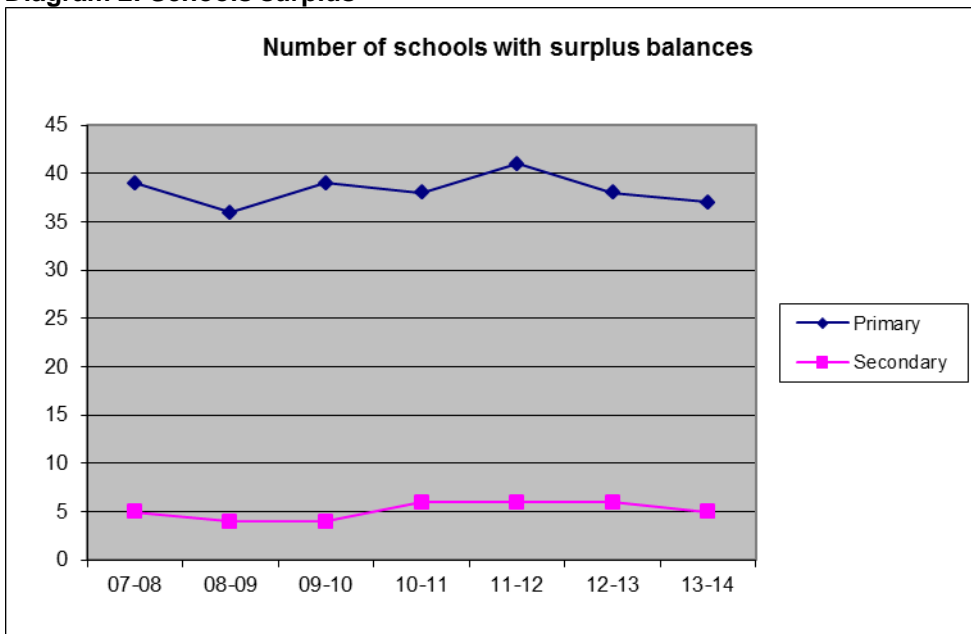


5.4 Not all school sectors showed an increase in balances. Whilst secondary schools and the special school increased their reserves, primary and nursery schools saw a decrease, the second consecutive year where nursery school balances have decreased.

**Surplus balances**

5.5 Although school balances increased overall, the number of schools with a surplus actually fell from 48 to 46 in 2013-14, see diagram 2.

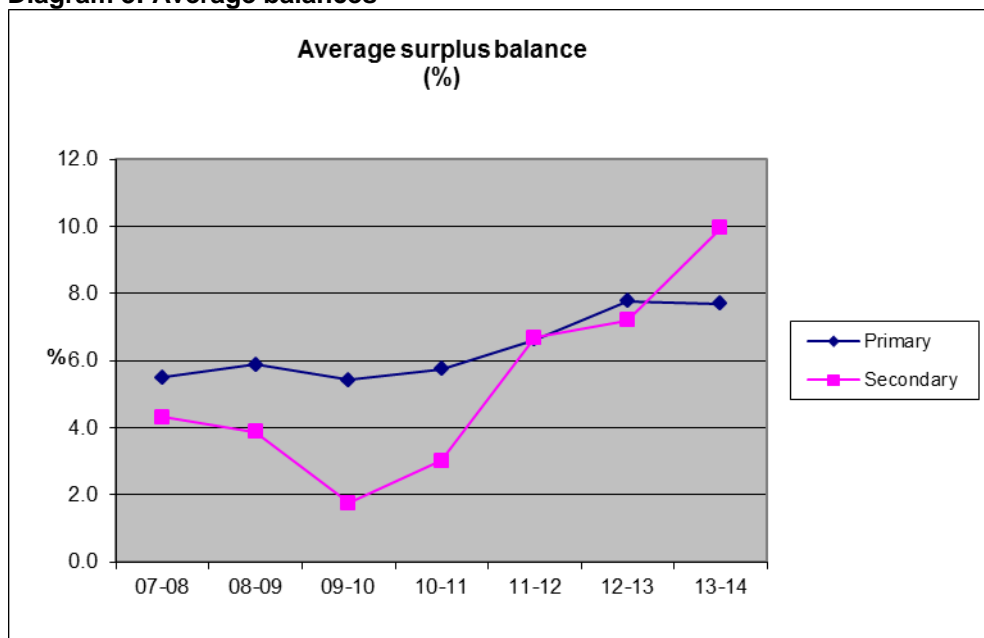
**Diagram 2: Schools surplus**



5.6 The average primary surplus balance is £65k, equivalent to 7.7% of budget share, 7.8% in 2012-13. The average secondary surplus balance is £283k, equivalent to 9.9% of budget share, 7.2% in 2012-13. Primary surpluses ranged from between 0.8% (Woodlands Park) to 26.2% (Hilltop First), whilst secondary surpluses ranged from 2% (Windsor Girls) to 21.4% (Churchmead).

5.7 Schools are funded each year based mainly on the number of pupils actually on roll. The expectation is that the resources are spent on those pupils, with a small allowance for future planning, projects and operational risks. This and previous governments have been keen to see that schools do not hold excessive uncommitted surpluses (defined as 5% for secondary, and 8% for other schools). Diagram 3 below shows not only that average balances have been increasing year on year but that the average secondary surplus is well above the 5% threshold.

**Diagram 3: Average balances**



5.8 15 out of 41 non secondary schools with surpluses had closing balances over 8%, four fewer than last year. Four out of five secondary schools with surpluses had a balance over 5%, the same number as last year. Of these 19 schools, 14 (10 primaries and 4 secondaries) had balances above the relevant thresholds at the end of the previous year as well. The total value of surpluses above the thresholds for these schools was £1.290 million, as shown in Table 3:

**Table 3: School balances above the 8% (non secondaries) and 5% (secondaries) threshold**

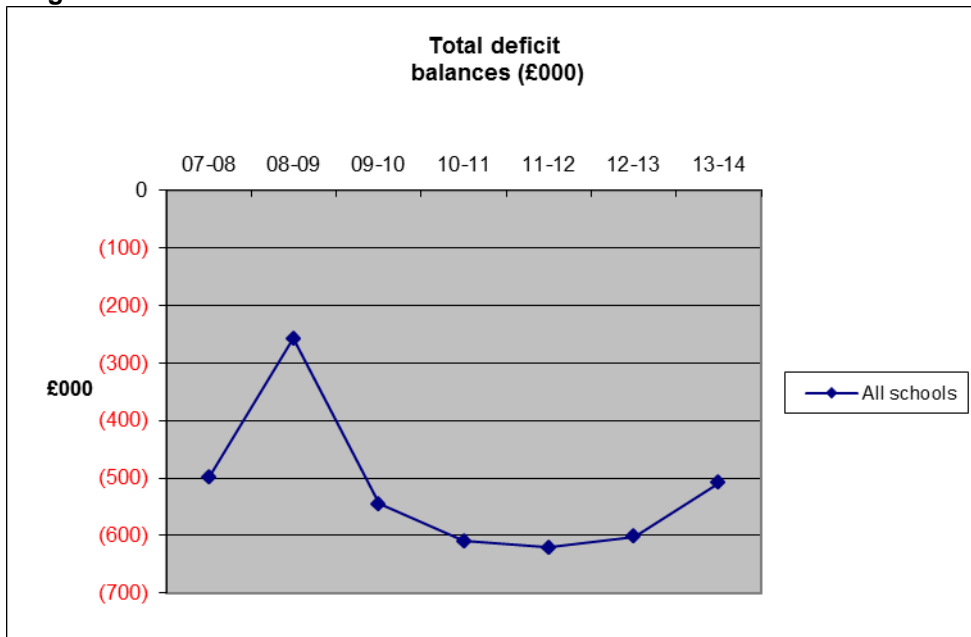
	Nursery	Primary	Secondary	Special	Total
Number of schools	0	14	4	1	<b>19</b>
Total surplus (£m)	-	£1.481m	£1.339m	£0.453m	<b>£3.273m</b>
Value of balance above the relevant 5% or 8% threshold	-	£0.532m	£0.734m	£0.025m	<b>£1.290m</b>

5.9 This analysis does not take account of the different purposes for which schools say they are holding balances in reserve.

**Deficit balances**

5.10 The total number of schools ending the year with a deficit balance, after adjusting for loan income for the schools that have loans, has increased from 5 in 2012-13 to 7 in 2014-15. There are now four primary schools in deficit, one more than last year, with balances ranging from less than -£1k (Bisham) to -£40k (Eton Porny), and three secondary schools with deficits, one more than last year, ranging from -£26k (St Peters Middle) to -£344k (Windsor Boys). Although there has been an increase in the number of schools with deficits, the underlying value of deficit balances continues to reduce, see diagram 4, from £602k at the end of March 2013, to £508k at the end of 2014. This is mainly because of the improved financial position of Windsor Boys School which has reduced its deficit by £197k.

**Diagram 4: Total deficit balances**



### Loans

- 5.11 No new loans were requested in 2013-14, and the value of outstanding loans has reduced from £789k at March 2013 to £512k at March 2014. Loans are held by Trevelyan (£130k) and Windsor Boys School (£382k). Both schools made repayments in 2013-14 in line with their agreed repayment schedules. They are now in discussion with RBWM about re-profiling remaining payments, to ensure their plans for financial recovery remain sustainable.
- 5.12 With the exception of two schools, Eton Porny and St Peter's Middle, the other schools which start 2014-15 with deficit balances have now submitted balanced budget plans for 2014-15. It is expected that Eton Porny and St. Peter's Middle will submit a licensed deficit/loan application in due course. Approval of a deficit budget will be subject to a realistic and sustainable financial recovery plan.

# ANNEX A - SCHOOL BALANCES 2013-14

School	2012-13	2013-14							Balances > 5% or 8%	
	Balance After Loans @31 Mar 2013	Balance @ 31 Mar 2014	Loans Outstanding Mar 13	Balance After Loans @ 31 Mar 2014	Surplus balance after loans	Deficit balance after loans	%age of 14-15 Budget	Movement in balances	Balances of Schools above threshold	Balance above 5% (sec) or 8% (others)
<b>Nursery</b>										
Cookham Nursery	28,500	18,118		18,118	18,118		7.4	(10,382)		
Maidenhead Nursery	24,557	14,222		14,222	14,222		5.2	(10,335)		
The Law ns Nursery	32,113	14,888		14,888	14,888		3.5	(17,225)		
	<b>85,170</b>	<b>47,228</b>	<b>0</b>	<b>47,228</b>	<b>47,228</b>	<b>0</b>	<b>5.0</b>	<b>(37,942)</b>		
<b>Primary</b>										
Alexander First	70,442	67,088		67,088	67,088		10.7	(3,354)	67,088	16,975
All Saints CE Junior	16,921	62,420		62,420	62,420		6.7	45,499		
Alw yn Infant And Nursery	130,655	118,632		118,632	118,632		10.1	(12,023)	118,632	25,082
Bisham Ce Primary	(1,010)	(287)		(287)		(287)	(0.1)	723		
Boyne Hill Ce Infant	76,523	73,319		73,319	73,319		7.4	(3,204)		
Brayw ood CE First	35,337	71,168		71,168	71,168		12.2	35,831	71,168	24,425
Burchetts Green CE Infants	66,704	28,878		28,878	28,878		7.2	(37,826)		
Cheapside CE Primary	11,013	17,051		17,051	17,051		3.6	6,038		
Clew er Green CE	28,968	(7,419)		(7,419)		(7,419)	(0.8)	(36,387)		
Cookham Dean CE Primary	20,650	26,891		26,891	26,891		4.1	6,241		
Cookham Rise Primary	71,872	71,084		71,084	71,084		8.7	(788)	71,084	6,015
Courthouse Junior	164,084	94,072		94,072	94,072		6.6	(70,012)		
Dedw orth Green First	90,380	50,156		50,156	50,156		6.5	(40,224)		
Ellington Primary	54,126	101,737		101,737	101,737		8.1	47,611	101,737	1,125
Eton Porny CE First	(11,515)	(40,194)		(40,194)		(40,194)	(6.9)	(28,679)		
Eton Wick CE First	58,821	38,805		38,805	38,805		5.2	(20,016)		
Furze Platt Infant	131,736	121,891		121,891	121,891		12.0	(9,845)	121,891	40,890
Furze Platt Junior	35,648	20,142		20,142	20,142		1.9	(15,506)		
Hilltop First	161,446	257,686		257,686	257,686		26.2	96,240	257,686	179,079
Holy Trinity Cookham Primary	18,582	13,321		13,321	13,321		1.8	(5,261)		
Holy Trinity Sunningdale Primary	50,965	44,797		44,797	44,797		5.7	(6,168)		
Holyport CE Primary	90,105	40,586		40,586	40,586		3.0	(49,519)		
Homer First	66,702	50,388		50,388	50,388		6.0	(16,314)		
Kings Court First	110,997	84,758		84,758	84,758		9.2	(26,239)	84,758	11,390
Know l Hill Ce Primary	63,695	114,130		114,130	114,130		24.2	50,435	114,130	76,360
Larchfield Primary & Nursery	79,392	20,884		20,884	20,884		2.2	(58,508)		
Oakfield First	(13,558)	(37,251)		(37,251)		(37,251)	(3.7)	(23,693)		
Oldfield Primary	25,174	36,189		36,189	36,189		3.9	11,015		
The Queen Anne Royal Free CE	44,004	62,146		62,146	62,146		10.4	18,142	62,146	14,252
St Edmund Campion RC Primary	127,328	115,394		115,394	115,394		8.9	(11,934)	115,394	11,227
St Edw ards Catholic First	79,375	119,564		119,564	119,564		14.0	40,189	119,564	51,297
St Francis Catholic Primary	1,012	5,662		5,662	5,662		0.8	4,650		
St Lukes CE Primary	35,446	67,038		67,038	67,038		6.3	31,592		
St Michaels CE Primary	110,703	128,569		128,569	128,569		16.0	17,866	128,569	64,462
South Ascot Village Primary	131,315	73,005		73,005	73,005		7.7	(58,310)		
The Royal (Crow n Aided)	33,733	46,986		46,986	46,986		9.9	13,253	46,986	9,098
Trinity St Stephen CE First	1,804	40,766		40,766	40,766		7.1	38,962		
Waltham St Law rence Primary	56,350	29,002		29,002	29,002		5.6	(27,348)		
Wessex Primary	83,491	40,612		40,612	40,612		2.1	(42,879)		
Woodlands Park Primary	2,360	5,465		5,465	5,465		0.8	3,105		
Wraysbury Primary	16,274	31,525		31,525	31,525		2.4	15,251		
	<b>2,428,048</b>	<b>2,306,656</b>	<b>0</b>	<b>2,306,656</b>	<b>2,391,807</b>	<b>(85,151)</b>	<b>6.4</b>	<b>(121,392)</b>	<b>1,480,833</b>	<b>531,675</b>
<b>Secondary</b>										
Churchmead	490,584	584,732		584,732	584,732		21.4	94,148	584,732	448,424
Dedw orth Middle	200,430	159,326		159,326	159,326		7.7	(41,104)	159,326	56,165
New lands Girls	375,715	405,848		405,848	405,848		7.2	30,133	405,848	123,089
St Edw ards Royal Free Middle	152,566	189,254		189,254	189,254		11.4	36,688	189,254	106,268
St Peters CE Middle	4,581	(25,691)		(25,691)		(25,691)	(2.4)	(30,272)		
Tevelyan Middle	(35,091)	77,028	(130,000)	(52,972)		(52,972)	(2.7)	(17,881)		
The Windsor Boy's	(540,793)	38,267	(382,320)	(344,053)		(344,053)	(6.8)	196,740		
Windsor Girls'	75,822	76,229		76,229	76,229		2.0	407		
	<b>723,813</b>	<b>1,504,993</b>	<b>(512,320)</b>	<b>992,673</b>	<b>1,415,389</b>	<b>(422,716)</b>	<b>4.1</b>	<b>268,860</b>	<b>1,339,160</b>	<b>733,945</b>
<b>Special</b>										
Manor Green	162,490	452,841		452,841	452,841		8.5	290,351	452,841	24,642
	<b>162,490</b>	<b>452,841</b>	<b>0</b>	<b>452,841</b>	<b>452,841</b>		<b>8.5</b>	<b>290,351</b>	<b>452,841</b>	<b>24,642</b>
<b>Total</b>	<b>3,399,522</b>	<b>4,311,718</b>	<b>(512,320)</b>	<b>3,799,398</b>	<b>4,307,265</b>	<b>(507,867)</b>	<b>5.7</b>	<b>399,876</b>	<b>3,272,834</b>	<b>1,290,261</b>

Non secondary schools - balances > 8%  
Secondary Schools - balances >5%

15	1,933,674
4	1,339,160

No of schools in	Surplus	Deficit
Nursery	3	0
Primary	37	4
Secondary	5	3
Special	1	0
<b>All schools</b>	<b>0</b>	<b>46</b>