

# ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>07 July 2015</b>	<b>AGENDA ITEM:</b>	<b>05</b>
Title:	<b>2014-15 Schools 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 2014-15 Schools Budget, and the level of maintained school balances held at 31 March 2015.

## 2 RECOMMENDATIONS:

- 2.1 That Schools Forum note that:
- The central schools budget ended the financial year 2014-15 with an underspend of £0.105m (0.5%) which will be added to the DSG reserve.
  - The DSG reserve at the 31 March 2015, not including school balances, totalled £0.990m, of which £0.286m is in earmarked reserves, and £0.704m is uncommitted.
  - The balances of RBWM's 47 maintained schools, adjusted for outstanding loans, decreased by £0.233m to £3.650m in 2014-15<sup>1</sup>.
- 2.2 That Schools Forum approve the transfer of £100k from the Two Year Old reserve to the School To School Support reserve (para 4.3 and 4.4).
- 2.3 That Schools Forum comment on the principle of a 'balance control mechanism' for redistributing 'excessive' school balances (para 5.10)

## 3 SCHOOLS BUDGET OUTTURN 2014-15

- 3.1 The final outturn for 2014-15 was an underspend of £0.105m against the central expenditure budget of £19.593m (0.5%). The underspend relates only to the **central** expenditure budget funded from 2014-15 Schools Block, High Needs Block and Early Years Block allocations. This is because schools' delegated budgets are treated as spent as soon as they are delegated. The total schools budget for the year, including schools' delegated budgets but excluding academies<sup>2</sup>, was £75.229m. Information on maintained school balances is given in part 5 of this paper.

<sup>1</sup> Schools which converted to academies during or before 2014-15 are excluded from 2014-15 figures to ensure a like-for-like comparison among remaining maintained schools (see paragraph 5.1 for further information).

<sup>2</sup> This excludes £24.959m relating to academy formula funding which the EFA deduct from RBWM's DSG allocation (academy recoupment).

<b>Table 1 School Budget 2014-15 outturn</b>	<b>Budget £000</b>	<b>Actuals £000</b>	<b>Over / (under) £000</b>
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3.2 summarises the final outturn position with more detail given in Annex A.

<b>Table 1 School Budget 2014-15 outturn</b>	<b>Budget £000</b>	<b>Actuals £000</b>	<b>Over / (under) £000</b>
Individual Schools Budget (Delegated budgets) <sup>3</sup>	55,636	55,632	(4)
De-Delegated School Budgets	534	533	(1)
Admissions and services for Schools & Early Years	948	974	26
High Needs and Alternative Provision	12,708	12,627	(81)
Early Years (non ISB)	5,403	5,358	(45)
<b>Total Net expenditure</b>	<b>75,229</b>	<b>75,124</b>	<b>(105)</b>
Dedicated Schools Grant	(75,229)	(75,229)	0
Transfer to reserves			105
<b>Total funding</b>	<b>75,229</b>	<b>75,229</b>	<b>105</b>

### 3.3 The main variances from budget are:

- Budgets totalling £12.7m for high needs pupils were underspent by £81k (0.6%) overall. Contributory factors included relatively low 'take-up' of the 'hospital education budget'<sup>4</sup>, and lower than expected place and top-up payments for high needs pupils in mainstream and specialist settings.
- There was a small net overspend of £26k (2.7%) on central expenditure on services for schools and early years. A number of different cost pressures mainly in relation to school contingency costs, were largely covered by miscellaneous compensating underspends, such as temporary staff vacancies in central teams.
- Where maintained schools have 'de-delegated' or pooled some of their funding for central services and these budgets were underspent at the end of the year, the underspends have been carried forward so that they are available for use in 2015-16. They include:
  - Behaviour support (£25k).
  - Staff costs supply cover (e.g. maternity leave, public duties) (£210k).
  - School licenses not covered by the national central license arrangement (£5k).
- Early Years block allocations for 2014-15 are partly determined by January 2015 Early Years pupil numbers, but not formally notified until after the year end. For the statement of final accounts a £280k reduction in grant was assumed based on an estimated 51 fewer FTEs in PVI settings in January 2015. After accounting for this and other adjustments, the EY block finished 2014-15 with an underspend of £45k.

3.4 As the Dedicated Schools Grant is a ring-fenced grant, the surplus of £0.105m has been added to the DSG reserve to be carried forward to 2015-16.

## 4 DEDICATED SCHOOLS GRANT RESERVE

4.1 The available DSG reserve at the start of 2014-15 was £1.039m, split between earmarked reserves of £0.441m and general reserves of £0.599 (see Table 2).

<sup>3</sup> Net of Post 16 grant

<sup>4</sup> Expenditure is dependent on numbers of pupils being educated out of school for medical reasons and is typically unpredictable. Expenditure in the last three years as ranged between £10k and £60k a year.

Table 2 DSG reserve	General DSG Reserve A	Earmarked Reserves (£)			Total Earmarked reserves B	Total DSG Reserve A+B
		School to School Support	Capacity building for Two year olds	Support for Children in Care		
Surplus @ 31 Mar 2014	<b>(1,016,752)</b>	<b>(185,081)</b>	<b>(156,798)</b>	<b>(98,810)</b>	<b>(440,689)</b>	<b>(1,457,441)</b>
Allocated to 2014-15 Budget	418,000				0	<b>418,000</b>
<b>Available in 2014-15</b>	<b>(598,752)</b>	<b>(185,081)</b>	<b>(156,798)</b>	<b>(98,810)</b>	<b>(440,689)</b>	<b>(1,039,441)</b>
2014-15 reserves applied		129,565	13,502	11,370	<b>154,437</b>	<b>154,437</b>
2014-15 underspend	<b>(104,794)</b>				<b>0</b>	<b>(104,794)</b>
<b>Available in 2015-16</b>	<b>(703,546)</b>	<b>(55,516)</b>	<b>(143,296)</b>	<b>(87,440)</b>	<b>(286,252)</b>	<b>(989,799)</b>

- 4.2 During 2014-15, £154k of the earmarked reserves was spent on the three projects shown in table 2 above, and £105k (the 2014-15 underspend) was added into the general reserve. This means there is a total balance of £990k available in 2015-16, including earmarked reserves of £286k, and uncommitted reserves of £704k.
- 4.3 Most of the expenditure funded from earmarked reserves was in relation to school to school support which funded the provision of five days support to schools from each of 21 leading primary teachers in their specialist areas Early Years, English, maths and science. These teachers have to apply for the role and are quality assured by the school improvement team who also broker their support. The supporting school receives £1000 funding per year and agrees to release their teacher for five days of support activity. The bulk of the remaining funding supported leadership capacity in three schools that had been rated inadequate by Ofsted.
- 4.4 2014-15 has seen significant demand for additional funding for school to school support which seems likely to continue in 2015-16. At the same time the amount needed for two year old capacity building is less than previously anticipated. Schools Forum are therefore asked to agree a transfer in 2015-16 of £100k from the two year old reserve to the School to School Support reserve, to provide additional support capacity for all schools.

## 5 MAINTAINED SCHOOL BALANCES

- 5.1 This section analyses maintained school balances at the end of 2014-15 and looks at trends over the last five years. As local authorities do not hold information on academy school balances for the same period, RBWM's academies and free schools are excluded from the analysis. As the number of academies grows, an analysis of schools balances limited to maintained schools becomes less meaningful. Future reports will aim to include an analysis of academy school balances subject to the relevant information being available either publicly or by request, and taking account of the complications posed by maintained schools and academies having different year ends.
- 5.2 Where schools include loans in their final balances, the loan amount has been excluded in order to present the underlying deficit position of these schools. Annex B provides details of school balances.

At 31 March 2015, maintained schools balances totalled £3.650m (6.9%) see

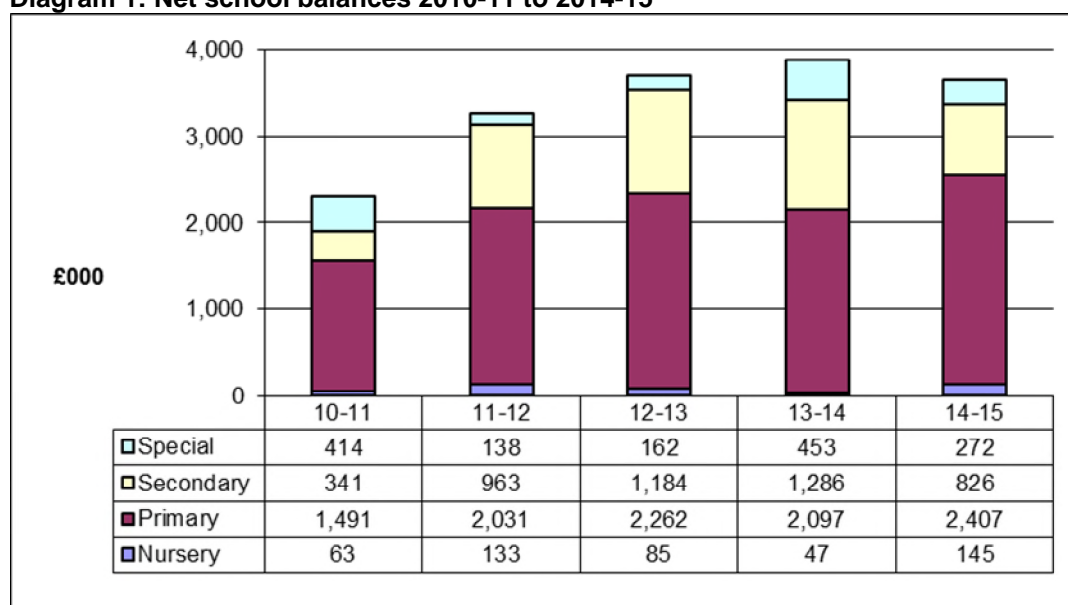
**Table 3 Maintained schools balances at 31 March 2015**

5.3 .

<b>Table 3 Maintained schools balances at 31 March 2015</b>					
	<b>Nursery</b>	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>Total</b>
Schools with surpluses	2	35	5	1	<b>43</b>
Schools with deficits	1	3	0	0	<b>4</b>
<b>Total surplus (£000)</b>					
	£151	£2,518	£826	£272	<b>£3,767</b>
<b>Total deficit (£000)</b>					
	(£7)	(£111)	0	0	<b>(£117)</b>
<b>Net carry forward £000</b>					
	<b>£145</b>	<b>£2,407</b>	<b>£826</b>	<b>£272</b>	<b>£3,650</b>

- 5.4 Compared with the same time last year, school balances have reduced overall by £0.233m, the first time in five years that balances have shown a decrease on the previous year. Not all school sectors showed a decrease. Balances in primary and nursery schools have increased, secondary/middle and special have decreased (**Diagram 1**).

**Diagram 1: Net school balances 2010-11 to 2014-15**



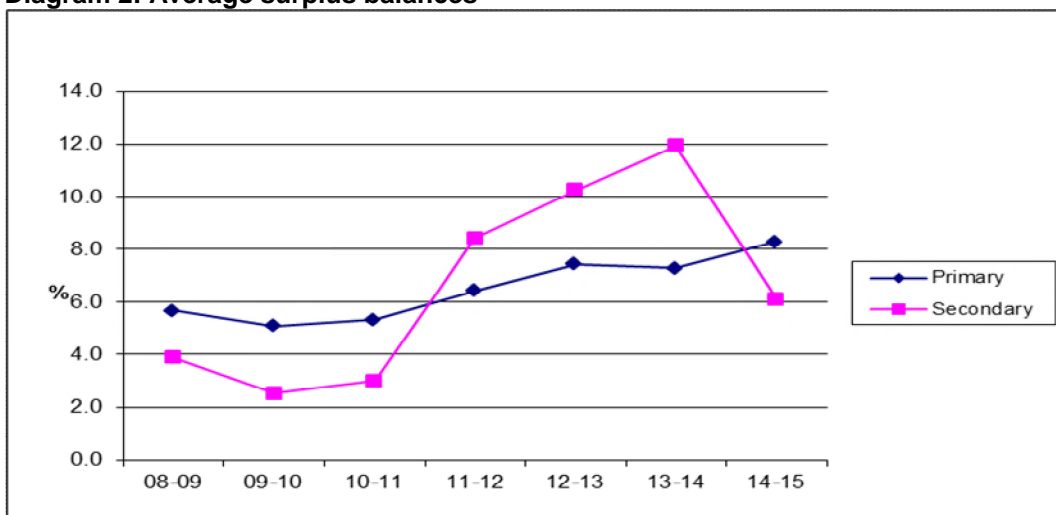
### **Surplus balances**

- 5.5 Schools are funded each year mainly on the number of pupils on roll and are expected to spend their resources on those pupils, reserving a small allowance for future planning, projects and operational risks. Whilst LAs are no longer required to have a 'balance control mechanism' for redistributing excessive balances, the DfE continues to encourage schools not to build up excessive balances, notionally defined as 5% of budget share for secondary schools, and 8% for other schools.

- 5.6

**Diagram 2** below shows that average surplus balances have been above those thresholds in each of the last four years, but that the average secondary surplus has reduced in 2014-15 from the high level seen in 2013-14. This partly reflects the effect reductions in post 16 funding.

**Diagram 2: Average surplus balances**



5.7 43 (91%) schools ended the year with a surplus balance, one more than last year. Average surpluses have increased in the primary sector, but decreased in the secondary sector. The average primary surplus was £72k, 8.3% of budget share; the average secondary surplus was £165k, 6.1% (see **Table 4**). Whilst this paper does not go into the reasons why schools hold balances of this size, it seems reasonable to assume that schools may be looking forward to the impact of higher employer and other costs over the next two to three years.

	2013-14	2014-15
Primary average £	£64k	£72k
Primary average %	7.3%	8.3%
Secondary average £	£335k	£165k
Secondary average %	11.9%	6.1%

5.8 Surpluses ranged from between 0.4% to 26.9% of budget share in primary schools and between 0.8% to 12% in secondary / middles. 16 of the 38 non secondary schools with surpluses had balances greater than the DfE’s threshold of 8%, and three of the five secondary schools with surpluses had balances greater than 5%. Of these 19 schools, 14 had balances above the relevant thresholds at the end of the last year.

5.9 The total value of surpluses above the 5% and 8% thresholds is equivalent to £1.079m. Assuming that schools planned to set aside half of this amount for specific projects and expenditure commitments, it would nevertheless mean that around £0.5m would be available for redistribution to all schools if RBWM operated a balance control mechanism that limited uncommitted school balances to the DfE thresholds.

5.10 A number of other authorities already have a ‘balance control mechanism’, supported by their schools forums, for redistributing ‘excessive’ balances among all schools. This used to be a requirement for all LAs. The Children’s Services Leadership Team would be interested to hear Schools Forum’s views on the principle of introducing a mechanism, taking account of the following points:

- A balance control mechanism can only apply to maintained schools, so any redistribution of excessive balances would be limited to maintained schools.
- Academies could agree to be subject to the same balance control mechanism as maintained schools but this would be on a voluntary basis, and subject to clarification of any legal constraints on such a proposal.
- One of the difficulties in implementing a balance control mechanism is being able to determine objectively how much of a school’s surplus is genuinely ‘uncommitted’. Any mechanism would need to be able to address this in a simple, non labour intensive way.
- The basis on which any ‘clawed-back’ funding could be re-allocated. ?



### **Deficit balances**

- 5.11 Four schools<sup>5</sup> including three primary schools and one nursery school ended 2014-15 with a deficit balance, one fewer than last year. The average deficit balance was £29k (5.7%), although these figures are impacted by one primary school whose closing deficit was £77k (16.6%). Two of the three secondary schools which ended 2013-14 in deficit have now converted to academy and are no longer in the 2014-15 figures. The total value of deficit balances is now £117k.

### **Loans**

- 5.12 No new loans were requested in 2014-15, and the value of outstanding loans has reduced from £668k in March 2014 to £471k in March 2015. Loans are currently held by four schools, of which three are now academies. All schools with outstanding loans have agreed repayment schedules which remain on track.
- 5.13 Most maintained schools have now submitted balanced budget plans for 2015-16. It is expected that one school will submit a licensed deficit / loan application during the next few months following further work on a sustainable financial recovery plan.

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<sup>5</sup> Deficits are based on closing balances at 31 March 2015 after deducting outstanding loan income for the schools that have loans.

## Annex A

### Schools Budget Outturn 2014-15

<b>Individual Schools Budget</b>		<b>55,636</b>	<b>55,632</b>	<b>(4)</b>
	Primary Schools	31,915	33,389	1,474
	Secondary Schools	19,946	19,060	(886)
	Special Schools	2,636	2,189	(447)
	Maintained Nursery Schools & Classes	1,139	994	(145)
<b>De-Delegated School Budgets</b>		<b>534</b>	<b>533</b>	<b>(1)</b>
	Behaviour Support	107	107	(1)
	Central School Costs	328	354	25
	Other De-delegated Budgets	99	73	(26)
<b>Admissions and services for Schools &amp; Early Years</b>		<b>948</b>	<b>974</b>	<b>26</b>
	Schools Specific Contingency	(26)	150	176
	Combined Services Budgets	310	314	4
	School Admissions	337	318	(19)
	Other Central Provision	110	27	(83)
	Pupil Growth	100	120	19
	Teaching and Support Service	379	313	(66)
	Other Specific Grants	(262)	(267)	(5)
<b>High Needs and Alternative Provision</b>		<b>12,708</b>	<b>12,627</b>	<b>(81)</b>
	High Needs Top up Funding	10,573	10,484	(89)
	Alternative Provision	845	843	(3)
	Sensory Consortium	288	277	(12)
	SEN Support Services	553	568	15
	Support for inclusion	362	389	27
	Virtual School-Support for inclusion	39	81	41
	Education Development Services	4	3	(0)
	Hospital Education	43	(18)	(60)
<b>Early Years</b>		<b>5,403</b>	<b>5,358</b>	<b>(45)</b>
	Non-Maintained Nurseries	5,004	4,970	(34)
	Central Expenditure on the under 5's	399	388	(11)
<b>Total Expenditure</b>		<b>75,229</b>	<b>75,124</b>	<b>(105)</b>
<b>Dedicated Schools Grant</b>		<b>(75,229)</b>	<b>(75,229)</b>	<b>0</b>
<b>Balance transferred to reserves</b>		<b>0</b>	<b>(105)</b>	<b>105</b>

## ANNEX B Maintained School Balances at 31 March 2015

School	2013-14	2014-15				Balance above 5% (sec) or 8% (others)
	Balance After Loans @ 31 Mar 2014	Surplus balance @ 31 Mar 2015	Deficit balance @ 31 Mar after deducting	% of 15-16 Budget	Movement in balances	
<b>Nursery</b>						
Cookham Nursery	18,118	150,369		68.4	132,251	132,790
Maidenhead Nursery	14,222		(6,623)	(2.4)	(20,845)	
The Lawns Nursery	14,888	846		0.2	(14,042)	
	<b>47,228</b>	<b>151,215</b>	<b>(6,623)</b>	<b>15.7</b>	<b>97,364</b>	<b>132,790</b>
<b>Primary</b>						
Alexander First	67,088	68,866		12.8	1,778	25,702
All Saints CE Junior	62,420	92,592		8.9	30,172	9,791
Alwyn Infant And Nursery	118,632	123,677		10.6	5,045	30,645
Bisham Ce Primary	(287)		(76,942)	(16.6)	(76,655)	
Boyne Hill Ce Infant	73,319	87,464		11.3	14,145	25,731
Braywood CE First	71,168	83,545		14.3	12,377	36,787
Cheapside CE Primary	17,051	21,793		4.6	4,742	
Clewes Green CE	(7,419)	30,549		3.1	37,968	
Cookham Dean CE Primary	26,891	25,122		3.8	(1,769)	
Cookham Rise Primary	71,084	70,433		8.8	(651)	6,526
Courthouse Junior	94,072	107,632		7.4	13,560	
Dedworth Green First	50,156	47,675		7.0	(2,481)	
Ellington Primary	101,737	196,287		20.1	94,550	118,194
Eton Porny CE First	(40,194)		(8,622)	(1.5)	31,572	
Eton Wick CE First	38,805	14,093		2.3	(24,712)	
Furze Platt Infant	121,891	119,375		11.5	(2,516)	36,205
Furze Platt Junior	20,142	53,029		4.6	32,887	
Hilltop First	257,686	236,630		26.9	(21,056)	166,199
Holy Trinity Cookham Primary	13,321	34,998		4.4	21,677	
Holy Trinity Sunningdale Primary	44,797	24,521		3.1	(20,276)	
Holyport CE Primary	40,586	87,194		6.7	46,608	
Homer First	50,388	40,636		4.9	(9,752)	
Kings Court First	84,758	91,177		11.1	6,419	25,536
Larchfield Primary & Nursery	20,884	50,893		6.4	30,009	
Oakfield First	(37,251)		(25,292)	(2.4)	11,959	
Oldfield Primary	36,189	28,306		2.7	(7,883)	
The Queen Anne Royal Free CE	62,146	58,277		9.6	(3,869)	9,793
St Edmund Campion RC Primary	115,394	73,575		5.3	(41,819)	
St Edwards Catholic First	119,564	101,355		11.0	(18,209)	27,623
St Francis Catholic Primary	5,662	42,259		5.6	36,597	
St Michaels CE Primary	128,569	170,614		21.9	42,045	108,370
South Ascot Village Primary	73,005	86,434		10.9	13,429	22,905
The Royal (Crown Aided)	46,986	34,877		7.6	(12,109)	
Trinity St Stephen CE First	40,766	47,147		7.9	6,381	
Waltham St Lawrence Primary	29,002	6,700		1.3	(22,302)	
Wessex Primary	40,612	48,500		3.1	7,888	
Woodlands Park Primary	5,465	2,403		0.4	(3,062)	
Wraysbury Primary	31,525	109,678		8.1	78,153	1,246
	<b>2,096,610</b>	<b>2,518,306</b>	<b>(110,856)</b>	<b>7.4</b>	<b>310,840</b>	<b>651,252</b>
<b>Secondary</b>						
Churchmead	584,732	283,423		12.0	(301,309)	165,484
Dedworth Middle	159,326	15,945		0.8	(143,381)	
Newlands Girls	405,848	338,533		6.2	(67,315)	64,385
St Edwards Royal Free Middle	189,254	153,310		8.6	(35,944)	64,615
Trevelyan Middle	(52,972)	34,630		1.8	87,602	
	<b>1,286,188</b>	<b>825,841</b>	<b>0</b>	<b>6.1</b>	<b>(460,347)</b>	<b>294,484</b>
<b>Special</b>						
Manor Green	452,841	271,715		4.5	(181,126)	
	<b>452,841</b>	<b>271,715</b>		<b>4.5</b>	<b>(181,126)</b>	<b>0</b>
<b>Total</b>	<b>3,882,867</b>	<b>3,767,077</b>	<b>(117,479)</b>	<b>6.9</b>	<b>(233,269)</b>	<b>1,078,526</b>

Cookham Nursery balance includes £147k in grant income which it receives separately from its individual budget share for being a Teacher Training School.