

Kirklees School Forum 15 October 2021 School Balances Working Group Feedback

1. Introduction

- 1.1 The 2020/21 balances of all maintained schools were first reported to School Forum on 25 June 2021 and 10th September 2021 highlighting the current levels with a resulting action to organise a meeting to review in more detail the detailed information.
- 1.2 The statutory guidance 'Schemes for financing local authority maintained schools' updated 23 April 2021 item 6, refers to the treatment of surplus and deficit balances arising in relation to budget shares.
- 1.3 Surplus /excess balances are defined by School Forum as reporting a balance of 10% of the total budget for Primary and Special Schools and 8% of the total budget for Secondary Schools.
- 1.4 Nineteen maintained schools (14 Primary and 5 Secondary) had an excess surplus balance as at 31 March 2021.

2. Excess Balances

- 2.1 The balance for all maintained schools as at 31st March 2021 totalled £13.6million summarised in the Table below.

Area	Number of Establishments	Combined Balance
Primary Schools	109	£8.4 million
Special Schools	4	£0.4 million
Secondary Schools	7	£4.8 million
Total	120	£13.6 million

- 2.2 The report to School Forum in September 2021 listed those schools which have exceeded the 8% and 10% tolerance of their total budget for the 2020/2021. It was agreed that a sub group of School Form meet to further review the balances and the associated reasons for these balances. Appendix One lists all those schools with balances in excess of the tolerances summarised in the Table below.

Area	Number of Establishments	Combined Balance
Primary Schools (10% or above)	14	£2.6 million
Secondary Schools (8% or above)	5	£4.1 million
Total	19	£6.7 million

- 2.3 A meeting was held on 17 September 2021 with Natalie McSheffrey, Darren Christian, David Baxter and Hazel Danson to review individual submissions from schools supporting the reasons for maintaining their individual balances and to review the existing approach to the process.

3. Findings

- 3.1 All schools with excess balances submit a detailed return to the Schools Finance team detailing how they plan to use the build-up of excess balances. A selection of these schools were reviewed to evaluate the reasons for maintaining the balance and not utilising this sooner.
- 3.2 Reasons for reporting increased balances were mainly attributable to the impact of COVID 19 which had a cumulative impact at some schools whereby savings were generated during the year and the inability to spend resources as planned due to the lockdown period.
- 3.3 It is clear that a significant amount of work goes into reviewing the balances on an annual / ongoing basis in conjunction with reviewing budget pressures, and the process in place meets with existing requirements for Schools Forum.
- 3.4 The *Schemes for financing local authority maintained schools* item 6 breaks down the process into two main steps for surplus balances:

6.1 The Right to carry forward surplus balances

The scheme must contain a provision which allows schools to carry forward from one financial year to the next any shortfall in expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year.

The scheme should explain the basis on which the amount of any balance to be transferred to a school's bank account would be calculated on a provisional basis for a school having a new bank account, and the date by which the transfer would occur, pending a later reconciliation.

The amount of a surplus balance would be shown in the relevant outturn statement published in accordance with directions given by the Secretary of State under section 251 of the Apprenticeships, Skills, Children and Learning Act 2009; although there may be commitments against any figure shown in such a statement.

6.2 Control on surplus balances

The scheme may contain a mechanism to claw back excess surplus balances.

Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy.

The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances or where some level of redistribution would support improved provision across a local area.

- 3.5 School Forum has challenged excess balances in the past. Currently balances across maintained schools stand at £13.6 million, therefore it would appear that a control on surplus balances may need to be considered in line with the guidance '*where some level of redistribution would support improved provision across a local area*'.
- 3.6 The composition of the review group did not have a representative from a Maintained School to fully challenge or support the reasons for the balances and equally consider if an alternative approach to excess balances should be taken.
- 3.7 Kirklees Internal Audit have previously reviewed school balances in 2017 and recommended that:

Officers should seek assurance that planned expenditure is being pursued by the schools concerned to ensure that excess balances are not rolling over/building up unnecessarily and inform the Schools Forum accordingly.

This recommendation was accepted by David Gearing.

- 3.8 Following on from the meeting on the 17th September, Michelle Lee, Chair of Forum, suggested that a year on year comparison would help when considering how schools had managed their balances from 31st March 2020 to 31st March 2021. Appendix Two details this change highlighting that of the nineteen schools only two had reported a reduced surplus balance. The five High Schools reported a combined increase in balances of just over £1.1 million in the period reviewed.

4. Recommendations

- 4.1 In view of the significant excess balances currently being carried, School Forum should consider whether or not some level of redistribution of balances would be appropriate, in line with the statutory guidance in the Schemes for financing local authority maintained schools.
- 4.2 Any future review of school balances should involve at least one representative from a maintained school.

Appendix One

Primary Schools	Balance £k	Percentage Excess Balance
Reinwood Junior School	493	20.9%
Holme Junior & Infant School	71	19.9%
Farnley Tyas CE(C) First School	64	16.8%
Netherhall Learning Campus Junior School	295	13.9%
Spring Grove Junior & Infant & Nursery School	173	13.6%
Littletown Junior Infant & Nursey School	136	12.4%
St John's CE(C) Infant School (Dewsbury)	113	12.0%
Hanging Heaton CE(C) Junior & Infant School	81	11.6%
South Crosland CE(A) Junior School	114	11.2%
Mount Pleasant Junior Infant & Nursery School	376	10.8%
Newsome Junior School	121	10.5%
Bywell CE(C) Junior School	178	10.4%
St Paulinus Catholic Primary School	187	10.2%
Scholes Village Primary School (Cleckheaton)	126	10.1%

Secondary Schools	Balance £k	Percentage Excess Balance
North Huddersfield Trust School	1,018	14.7%
Holmfirth High School	1,083	13.6%
Spen Valley High School	673	11.6%
Whitcliffe Mount School	873	11.0%
All Saints Catholic High School	468	8.7%

Appendix Two

Primary Schools	Balance 31st March 2020 £k	Balance 31st March 2021 £k	Change £k
Reinwood Junior School	396	493	97
Holme Junior & Infant School	58	71	13
Farnley Tyas CE(C) First School	53	64	11
Netherhall Learning Campus Junior School*	315	295	-20
Spring Grove Junior & Infant & Nursery School	165	173	8
Littletown Junior Infant & Nursey School	105	136	31
St John's CE(C) Infant School (Dewsbury)	131	113	-18
Hanging Heaton CE(C) Junior & Infant School	55	81	26
South Crosland CE(A) Junior School	52	114	62
Mount Pleasant Junior Infant & Nursery School	323	376	53
Newsome Junior School	55	121	66
Bywell CE(C) Junior School	113	178	65
St Paulinus Catholic Primary School	24	187	163
Scholes Village Primary School (Cleckheaton)	85	126	41
	1,930	2,528	598
Secondary Schools			
North Huddersfield Trust School	791	1,018	227
Holmfirth High School	773	1,083	310
Spen Valley High School	315	673	358
Whitcliffe Mount School	756	873	117
All Saints Catholic High School	372	468	96
	3,007	4,115	2,304
	4,937	6,643	2,902

* Compared against Rawthorpe JIN School

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