

EDUCATION SCRUTINY COMMITTEE – 22 JANUARY 2015

SCHOOL REVENUE BALANCES – UPDATE

Report by Interim Deputy Director Education & Learning

Introduction

1. This report updates the Committee on the maintained schools identified as having consistently retained surplus revenue balances, at the end of the last four financial years, and the work undertaken to challenge these schools about the plans for use of these balances. The local authority cannot challenge Academies on the use of any surplus balances that they may hold.
2. The work is on-going and is expected to be completed in the Spring of 2015. Recommendations about possible future action are therefore not possible at this stage, and will need to be brought back to a future meeting of the Committee.

Work Done to Date

3. Appendix 1 identifies the 41 schools that were initially identified as having consistently held surplus balances for the last four financial years, and the balances held. The surplus is based the total revenue balance held and this has required further analysis to identify whether part of the balance is committed e.g. for partnership funds held on behalf of other schools. From the work undertaken so far, officers believe that a much smaller number of schools (possibly up to 10) may require further challenge about uncommitted balances.
4. Letters were sent to all 41 schools in October 2014 by the Interim Deputy Director for Education & Early Intervention and the Finance Business Partner for Children, Education & Families, requesting that the schools provide specific plans for use of the balances, including evidence of links to the School Development Plan, the school budget plan and current year budget monitoring. Schools were also requested to provide evidence that these spending plans had been discussed with and approved by the Governing Body.
5. Information was received from all 41 schools by the middle of November 2014. This information was then reviewed by the School Finance Support team, to determine whether there was evidence of robust plans for use of the balances, and to identify whether schools should be invited in for further discussion of their plans. Attainment data for each school will also be considered along with the response about use of balances when deciding which schools to challenge further.

6. Councillors Tilley and Gray have accepted an invitation from the previous Interim Deputy Director for Education & Early Intervention to be part of a panel, also including the Deputy Director and the Finance Business Partner for Children, Education & Families, to interview schools selected for further challenge. It was originally planned to invite Headteachers and Chairs of Governors of the selected schools to panel meetings in January 2015, however with the recent change of Interim Deputy Director these meetings have been postponed to allow time for the panel to review the submissions provided and confirm the schools that should be invited in for further challenge. It is expected that this will take place in January 2015 with school interviews taking place in February 2015.
7. The list of 41 schools includes a high proportion of small Primary schools and the reasons initially given for holding balances indicate some common themes including a cautious approach to budgeting and retaining some contingency to deal with significant unexpected items of expenditure or fluctuations in pupil numbers, and delays in progressing large projects. In the case of some schools, the figures include partnership balances held on behalf of other schools.
8. Once schools have been interviewed by the panel, it will be possible to draw conclusions and make recommendations for future action.
9. Officers have also requested information from other local authorities to confirm what action, if any, they are taking regarding clawback of surplus balances. Responses were received from ten local authorities, and are shown in Appendix 2. Only 2 of the 10 authorities that responded indicated they currently operate or plan to use a balance clawback mechanism in respect of maintained schools. This reflects a difficult national context, complicated by the conversion of a significant number of maintained schools to Academy status. This should be considered when recommendations are made about future action.

Financial and Staff Implications

10. No recommendations can be made yet about future action, so there are no financial or staff implications.

Equalities Implications

11. No recommendations can be made yet about future action, so there are no equalities implications identified.

RECOMMENDATION

12. **The Education Scrutiny Committee is RECOMMENDED**
 - (a) to note the contents of the report and
 - (b) to note that work challenging schools on use of balances is expected to be completed in Spring 2015 and recommendations for further action will be included in a subsequent report

ESC9

REBECCA MATTHEWS
Interim Deputy Director Education & Learning

Contact Officer: Gillian McKee, Finance Business Partner for Children, Education & Families, Tel: (01865) 323920

January 2015

Phase of school	School Name	LA/ESTAB number	2010-11		2011-12		2012-13		2013-14	
			Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income
NUR	Comper (formerly Bartlemas) Nursery School	9311005	£103,850	19.0%	£86,843	16.4%	£101,465	19.7%	£84,521	16.2%
NUR	Headington Quarry Foundation Stage School	9311006	£49,534	14.6%	£69,900	21.0%	£85,496	22.5%	£41,167	10.9%
NUR	Slade Nursery School	9311011	£48,051	12.5%	£66,717	16.8%	£136,921	30.3%	£105,225	20.6%
NUR	Lydalls Nursery School	9311017	£100,830	21.5%	£97,933	22.5%	£78,309	18.9%	£142,355	30.4%
NUR	Wheatley Nursery School	9311031	£24,247	15.5%	£55,677	28.5%	£47,688	25.7%	£51,232	29.1%
PRI	Orchard Fields Community School	9312055	£160,422	9.7%	£177,543	9.8%	£224,770	12.0%	£201,563	10.0%
PRI	Queensway School (Note 4)	9312057	£94,278	11.7%	£88,681	10.4%	£78,715	8.4%	£75,525	7.0%
PRI	Watlington Primary School	9312459	£87,309	8.1%	£107,591	9.9%	£143,036	12.7%	£139,104	12.5%
PRI	Windmill Primary School	9312527	£147,741	9.7%	£184,338	11.5%	£266,505	15.1%	£300,695	16.0%
PRI	Stockham Primary School	9312583	£98,487	12.7%	£105,561	12.9%	£147,812	17.3%	£105,991	12.2%
PRI	Wroxton Church of England Primary School	9313004	£68,441	15.6%	£78,476	17.5%	£74,657	15.6%	£47,864	10.1%
PRI	Finmere Church of England Primary School	9313090	£50,951	18.2%	£65,024	24.7%	£49,021	19.8%	£38,861	15.0%
PRI	Aston and Cote Church of England Primary School	9313120	£64,464	11.3%	£56,197	9.9%	£65,103	10.8%	£57,289	9.3%
PRI	Hailey Church of England Primary School	9313123	£52,385	10.7%	£54,919	11.6%	£43,250	9.5%	£42,311	9.0%
PRI	St Kenelm's Church of England (VC) School	9313125	£52,125	11.6%	£43,522	9.8%	£39,603	8.7%	£58,493	11.7%
PRI	North Leigh Church of England (Controlled) School	9313128	£73,168	12.8%	£87,689	13.7%	£113,142	16.9%	£100,954	13.9%
PRI	Bletchington Parochial Church of England Primary School	9313141	£30,655	8.4%	£45,836	11.8%	£45,866	12.1%	£55,048	13.0%
PRI	Tackley Church of England Primary School	9313144	£53,919	10.0%	£63,442	11.8%	£67,440	12.2%	£74,964	13.1%
PRI	Clifton Hampden Church of England Primary School	9313183	£44,329	14.3%	£49,383	15.3%	£63,410	19.0%	£71,128	21.0%
PRI	Dorchester St Birinus Church of England School	9313186	£105,644	22.6%	£89,938	20.8%	£47,797	10.9%	£43,214	9.5%
PRI	Great Milton Church of England Primary School	9313187	£68,562	10.2%	£108,940	15.0%	£124,279	17.8%	£106,591	14.7%
PRI	St Mary's Church of England Controlled Infant School	9313207	£125,628	31.2%	£157,419	38.3%	£81,938	19.1%	£40,173	9.2%
PRI	St Michael's CofE Primary School	9313216	£82,115	10.9%	£117,540	15.2%	£106,371	13.2%	£96,316	11.9%
PRI	The Ridgeway Church of England (C) Primary School	9313231	£28,445	8.8%	£45,475	13.6%	£43,037	13.6%	£48,155	14.2%
PRI	Long Wittenham (Church of England) Primary School	9313233	£53,070	11.8%	£52,136	11.6%	£61,697	13.4%	£51,018	11.8%
PRI	Stanford in the Vale Church of England Primary School	9313240	£91,205	13.0%	£97,476	13.3%	£96,394	12.8%	£99,752	12.1%
PRI	Blewbury Endowed Church of England Primary School	9313248	£125,075	16.1%	£149,164	16.9%	£179,937	20.7%	£132,273	14.8%

ESC9

Phase of school	School Name	LA/ESTAB number	2010-11		2011-12		2012-13		2013-14	
			Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income	Total revenue balance	Total revenue balance as a % of total revenue income
PRI	St John's Catholic Primary School, Banbury	9313350	£103,433	10.6%	£113,392	11.6%	£113,512	11.2%	£120,472	11.1%
PRI	Checkendon Church of England (A) Primary School	9313801	£50,155	11.7%	£39,272	8.9%	£80,356	16.3%	£70,475	14.7%
PRI	St Mary's Catholic Primary School, Bicester	9313824	£86,089	9.5%	£103,533	10.9%	£119,254	12.2%	£152,288	15.0%
PRI	St Joseph's Catholic Primary School, Oxford	9313838	£89,390	8.2%	£139,599	10.7%	£165,307	13.1%	£139,517	10.8%
PRI	Appleton Church of England (A) Primary School	9313850	£110,082	16.5%	£80,968	11.4%	£97,541	12.6%	£66,061	9.2%
PRI	Ashbury with Compton Beauchamp Church of England (A) Primary School	9313851	£116,686	25.0%	£105,389	30.6%	£79,754	27.0%	£77,287	22.9%
PRI	Northbourne Church of England Primary School	9313852	£89,504	8.7%	£92,191	9.0%	£113,712	10.5%	£149,628	12.9%
PRI	Shellingford Church of England (Voluntary Aided) School	9313853	£79,736	17.8%	£98,031	21.8%	£87,114	18.7%	£113,672	21.0%
PRI	Shenington Church of England Primary School	9315200	£38,533	8.5%	£56,736	13.2%	£43,484	10.1%	£47,553	10.2%
SEC	Icknield Community College	9314082	£339,401	10.4%	£393,333	12.2%	£363,400	11.0%	£211,741	6.3%
SEC	Matthew Arnold School	9314128	£394,882	7.0%	£688,723	11.7%	£634,433	11.0%	£487,235	8.1%
SPE	Woodeaton Manor School	9317002	£120,709	8.7%	£160,156	11.5%	£162,443	11.2%	£189,832	12.1%
SPE	Oxfordshire Hospitals Education Service	9317017	£91,682	8.3%	£178,835	14.3%	£281,261	19.3%	£312,858	20.7%
SPE	Bardwell School	9317029	£113,054	8.6%	£138,299	10.6%	£151,975	11.7%	£169,294	13.1%

Notes:

- 1) Excludes school closures, mergers, converters.
- 2) Excess balances are defined as a maximum threshold of 8% for Nursery, Primary and Special schools and 5% for Secondary schools.
- 3) This extract only shows the total revenue balance but the full DfE tables show the total balance broken down between Committed, Uncommitted and Community Focused extended school balances. The DfE additional tables do include a warning that there is some local variation in the way these are defined at local level so care should be taken in relying on these splits.
- 4) Includes Queensway School as the percentage initially identified in 2013-14 was rounded to greater than 8%.

Other Authorities Use of Balance Clawback Mechanism

Appendix 2

Local Authority	Does LA operate a claw back mechanism?	If so, how much clawed back?	What have the clawed back balances been used for?	Summary of other comments
A	No			<ul style="list-style-type: none"> - As no comparable process for academies, concerned about maintaining equity across all schools if sought to apply a claw back mechanism to only the maintained group. - Difficulty of using claw back funds only for maintained schools.
B	No			<ul style="list-style-type: none"> - Challenged schools with excess balances in the summer of 2013 with "limited success". - Schools Forum expected not to be supportive of a reintroduction of a claw back mechanism.
C	No			<ul style="list-style-type: none"> - No longer operate a claw back mechanism and it is unlikely to be reintroduced as it could not apply equally to maintained and academy sectors.
D	Yes	£77k	Web based budgeting tool.	
E	No			<ul style="list-style-type: none"> - Used to ask for plans for balances over 5% for Secondary and 8% for Primary, but ceased.
F	No			<ul style="list-style-type: none"> - Stopped claw back mechanism because of the large number of Academies (over 50%). - Clawed back money in 2011-12 and allocated on a lump sum and per pupil amount for one off projects agreed by Governors.
G	No, but planned for 2015-16			<ul style="list-style-type: none"> - Planned for 2015-16, but threshold doubled to 16% or £0.150m for Primary (whichever the larger), Special and PRUs, and 10% for Secondary. - Schools Forum to determine use.
H	No			<ul style="list-style-type: none"> - Proposals to Schools Forum 26.2.14, and agreed not to re-instate the school balances claw-back mechanism.
I	No			<ul style="list-style-type: none"> - Stopped the balance control claw back mechanism in 2011-12 to bring maintained schools in line with academies - Schools Forum right to review.
J	Yes – but not used since 2011-12.			<ul style="list-style-type: none"> - Clawed back £59k from 8 schools at end of 2011-12, and allocated back to other schools within the phase as an in-year adjustment. No excess balances since, although Special school balances increasing.