

Sefton Schools Forum Report

Date of Meeting:	14 th January 2019
Title of Report:	Review of School Balances 2017/18
Presenting Officer:	Mary Johnson, Senior Finance Officer – Schools Finance
Reason for Submission to Forum:	ITEM FOR INFORMATION
Executive Summary:	The Fair Funding: Scheme for Financing Schools requires schools holding balances over the Sefton permitted levels to report to the Local Authority on the intended use of surplus balances. Schools must demonstrate that these balances are properly assigned for the specific purposes permitted by the Local Authority.
Budget/Risk Implications:	None
Recommendations:	Forum is asked to note this report of school balances for 2017/18; and the membership of the School Balances working group.
Appendices (to be attached)	Appendix 1 – School Balances Analysis 2017/18
Background Papers (available on request)	Fair Funding: Scheme for Financing Schools School Forum Report ‘Review of School Balances’ 2006/07 and the introduction of a surplus balances clawback scheme from April 2008 DCSF Briefing Paper: School and Early Years Funding Arrangements 2008-11 Schools Forum Meeting 21 st April 2008 – Agenda Item No.7 Schools Forum Meeting 13 th June 2011 – Agenda Item No.9 Schools Forum Meeting 12 th December 2011 – Agenda Item No.8 DfE briefing paper: LA Schemes for Financing Schools - Revised Scheme Guidance 2011-12 Schools Forum Meeting 31 st March 2014 – Agenda Item No.8 Schools Forum meeting 29 th September 2014 – AOB Schools Forum Meeting 29 th June 2015 – Agenda Item 4 Schools Forum Meeting 7 th December 2015 – Agenda Item 6
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SCHOOLS' FORUM POWERS & RESPONSIBILITIES	
1	ITEMS FOR APPROVAL (DfE can adjudicate where Forum does not agree LA proposal)
2	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but LA decides)
3	ITEMS FOR CONSULTATION (Forum provides a view on LA proposal but DfE decides)
4	ITEMS FOR INFORMATION (No formal view of the Forum is sought)

1. Background

- 1.1 Surplus balances held by schools are permitted under the DfE Fair Funding: Scheme for Financing Schools, subject to any balance control mechanism in place.
- 1.2 Schools can only carry forward balances over and above the permitted levels under specific categories agreed by the Schools Forum and the Local Authority.
- 1.3 Schools with balances over the permitted limits are asked to give a detailed breakdown of how their excess balances are to be spent against the categories set down by the Local Authority.
- 1.4 In December 2010 the DfE published new guidance on Local Authority Schemes for Financing Schools, effective from 1st April 2011, including recommendations on changes to the operation of a school balances control mechanism.
- 1.5 At the Schools Forum meeting on 13th June 2011, members agreed to continue with the current school balances control mechanism in 2011/12, but on the understanding that officers of the Local Authority consult all schools on whether there should be a change to the school balances control mechanism effective from 1st April 2012.
- 1.6 The outcome of the consultation exercise was tabled at the School Forum meeting on 12th December 2011. Schools Forum agreed to continue to have a school balance control mechanism from 2012/13. The members voted to increase the limit for permitted balances to 12% for Nursery, Primary & Special Schools and 8% for Secondary Schools or £20,000.00 (where that is greater than either % threshold).
- 1.7 At Schools Forum on 31st March 2014, members were asked to note the document entitled, 'Policy for the challenge of schools and pupil referral units with surplus balances'. It sets out the criteria for carrying forward committed balances assigned for specific purposes permitted by the Local Authority. Where the specific purposes quoted do not meet the Local Authority's criteria or where there is insufficient evidence available, then the Schools Forum Balances Control Group may implement the clawback mechanism.
- 1.8 At Schools Forum on 29th September 2014 a consultation was opened with SAPH and SASH regarding a review of the process for analysing schools surplus balances.
- 1.9 At Schools Forum on 26th June 2015 members agreed to formally consult with all schools on the future of the school balances control mechanism from 1 April 2016. The Local Authority wrote out to all maintained schools on 14th July 2015 to ask for their views.
- 1.10 The outcome of the consultation was reported at Schools Forum on 7th December 2015. Members noted the outcome of the consultation and approved the decision to retain the current School Balances Control Mechanism in the Sefton Fair Funding Scheme for Financing Schools from 1 April 2016. To retain the limits for permitted balances of 12% for Nursery, Primary and Special Schools and PRU's; and 8% for Secondary Schools or £20,000.00 (where that is greater than either % threshold).

2. Review of Individual School Balances

- 2.1 The balances held by Sefton maintained schools at 31st March 2018 exceeded £14.15m (breakdown by school attached as Appendix 1).
- 2.2 School Balances for Sefton maintained schools totalled £14,150,247 at 31/3/18 (excluding the balances of converting academy schools). 40 primary schools, 2 secondary schools, 3 special schools, 2 nursery schools and 1 PRU closed with balances above the permitted levels.
- 2.3 As part of the budget setting process for 2018/19 each school had until the 30 June 2018 to complete a balances proforma and return it to the Local Authority identifying how the excessive balances will be used. All schools affected were compliant.
- 2.4 The Schools Forum School Balances working group would usually meet during September/October to review the proformas for those schools with balances over 12% for Nursery / Primary / Special Schools and PRU's and over 8% for Secondary Schools. If the group feels the information submitted is insufficient, those schools are then called to an individual meeting to provide further supporting evidence.
- 2.5 During this process, the Balances Control group has the power to top-slice excessive balances where these are not justified satisfactorily, and recycle the funding through the Schools Formula.
- 2.6 For 2018/19, given the financial pressures all schools are facing; underfunding; shortfall in high needs funding; National Funding Formula; Teachers Pay Award; National Insurance and Pension cost increases. Members are asked to consider whether a more arms-length approach should be adopted for this year.
- 2.7 Firstly, to call Headteachers and Governors to a meeting to account for high balances when they are having to make savings simply to remain in the black could be seen as counter-productive. The DfE acknowledged this a few years ago when they said schools should not be punished for making efficiency savings.
- 2.8 Secondly, the membership of the working group has remained the same for the last few years. These people have given up their valuable time, along with the resources given over to the administration of the process by officers of the Council.

3. Recommendations

3.1 Members are recommended to:

- a) To note the level of school balances for 2017/18
- b) To consider whether the School balances working group should adopt an arms-length approach to the school balances proforma this year