

**Luton Schools Forum**  
**Wednesday 8th July 5.00pm**  
**Zoom Meeting**  
**Maintained School Balances**  
**as at 31<sup>st</sup> March 2019**

Presenting Officer	Rustum Setna <a href="mailto:rustum.setna@luton.gov.uk">rustum.setna@luton.gov.uk</a> 01582 546089
Reason for submission to Forum	Item for information
Voting	N/A
Executive Summary	To advise Schools Forum on the position of maintained school balances as at 31 March 2020
Recommendations	Forum to note and comment on the level of school balances
Appendices	School Balances over the last 4 years
Background Papers	None

### **Background**

1. The budgets of schools are directly managed by schools themselves and any surpluses and deficits are carried forward from one year to the next. Responsibility for budget management lies with school governing bodies, except where the Council has withdrawn delegation (not currently applicable in Luton).
2. This report relates to maintained school balances only; the accounting year for Academies runs from September to August and they are required to report directly to the Education Funding Agency and produce audited accounts in line with the Statement of Recommended Practice for Charities and The Companies Act.
3. Maintained school balances comprise of the unspent annual budget share, community focused extended services balances and capital balances which arise mainly from the annual devolved formula capital allocation which is paid to the Council as an earmarked capital grant.

### **Report**

4. The table below shows maintained schools' balances in Luton for the period from 2018-19 and 2019-20.

Financial Year	Revenue Balances	Capital Balances	Total Balances
2018-19	£17.038m	£3.030m	£20.068m
2019-20	£15.879m	£2.351m	£18.230m

5. 2019-20 balances by phase are as follows, and the Appendix shows how balances have changed over the last four years:

Phase	Revenue Balance As at 31 <sup>st</sup> March 2020	2019-2020 Individual Schools Budget	Balance as % of ISB
Nursery	£1,679,159	£4,709,928	35.65%
Primary	£8,235,868	£79,158,223	10.40%
Secondary	£4,914,280	£25,041,774	19.62%
Special and PRU	£1,049,560	£6,176,700	16.99%
Total	£15,878,868	£115,086,625	13.80%

6. Most schools are showing a good position as at the end of 2019-20, and work is under way to forecast school Revenue Balances over three years period to 31<sup>st</sup> March 2023.
7. A separate report will be brought to the forum in September giving a summary of how the school balances are expected to change over the next three years. The Schools Forum can then discuss the forward plan item “Review of Clawback Mechanism for Maintained Schools”.
8. During 2019-20 schools transferred £208k of revenue funding into capital.
9. One school has come out of its deficit position and is now showing a year end surplus of £67k, a turnaround of £109k
10. Another School has a deficit of £83k, a small increase on the deficit of £72k shown at the end of 2018/19. Local Authority officers are working with the school to ensure that the budget is brought back into balance.
11. The deficit at a third School has increased by £121k to £383k. The school's financial adviser is working with the school to formulate a new licensed deficit recovery plan.
12. A fourth School has fallen into a deficit position, with its balances reducing from a £180k surplus to a £42k deficit. The school's financial adviser has worked with the school to formulate a recovery plan.
13. Finally one other school has a deficit at the end of 2019/20 of £12k and the financial advisor for this school is working with the school to formulate a recovery plan.

## **Review of Surplus Balances**

14. All schools have submitted a return advising of their balances' expenditure plans. These balances have fallen by £1.159m between 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2020 to £15.879m. £2.038m have been verified as committed revenue balances and £13.841m as uncommitted revenue balances. The committed balances are summarised in the table below:

	£'000	%
Capital and Building Works	620	30.4
Pupil Premium Grant	491	24.1
Universal Infant Free School Meals Grant	7	0.3
Prior Year Commitments	238	11.7
Partnership Funding	327	16.0
Specific Grant Balances	357	17.5
	2,038	100.0

## **Proposal**

15. For Schools Forum to note and comment on the content of the report.