

## Wiltshire Council

### Schools Forum

10 October 2019

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#### Schools Revenue Surplus and Deficit Balances 2018/19

##### Introduction

1. This report presents the position of revenue balances for Wiltshire maintained schools as at 31 March 2019 and identifies those schools that are in deficit.
2. The analysis excludes 2 schools that converted to academies during the 2018/19 financial year.
3. In October 2018, members considered a report on schools' balances and deficits as at 31 March 2018. In that report, the value of surpluses was £9.702 million and 19 schools were in deficit with a total value of £3.242 million.

##### Main considerations

4. The movement in net revenue balances over the last 3 financial years is shown in the following table: -

	2016/17	2017/18	2018/19	2018/19 Balances as % of 2018/19 Budget Share	Increase/ Decrease from 2017/18	Increase/ Decrease from 2017/18
	£	£		%	£	%
Primary	8,041,411	8,029,388	8,604,118	7.56	574,730	7.16
Secondary	-1,911,754	-1,802,768	-2,201,302	-1.93	-398,534	-22.11
Special	270,462	233,854	219,275	0.19	-14,579	-6.23
	<b>6,400,119</b>	<b>6,460,474</b>	<b>6,622,092</b>	<b>5.82</b>	161,619	<b>2.5*</b>

\*NB: this represents the total percentage increase in all schools' balances between 2017/18 and 2018/19

5. Reporting of net revenue balances can obscure the underlying trend of gross revenue surplus and deficit balances. For transparency, the gross balances are identified below:

	Surplus balance			Deficit balance		
	2016/17 £	2017/18 £	2018/19 £	2016/17 £	2017/18 £	2018/19 £
Primary	8,693,506	8,575,480	9,268,943	-652,095	-546,092	-664,825
Secondary	1,020,995	882,425	721,659	-2,932,749	-2,685,193	-2,922,960
Special	270,462	244,570	299,748	0	-10,717	-80,473
<b>Total</b>	<b>9,984,963</b>	<b>9,702,475</b>	<b>10,290,349</b>	<b>-3,584,844</b>	<b>-3,242,001</b>	<b>-3,668,258</b>

6. As part of the dedicated school's grant (DSG) assurance framework, the DfE ask local authorities to provide additional information where:
- a) the authority has 5% of schools that have had a surplus of 15% or more for the last 5 years and the individual surplus is least £10,000 each year. Authorities will only be asked for more information where at least three schools meet the criteria.
  - b) the authority has 2.5% of its schools that have had a deficit of 2.5% or more for the last 4 years and the individual deficit is at least £10,000 each year.
- **Appendix 2** analyses the 2018/19 revenue balances to categorise those that are classified as:
    - above 15% of school budget share
    - in surplus but below 15% of school budget share
    - in deficit
  - **Appendix 3** demonstrates that the Authority would not trigger an investigation from the DfE, as described above, by identifying those schools that have had revenue balances of more than 15% for the last 5 years.
  - **Appendix 4** demonstrates that the Authority could trigger an investigation from the DfE, as described above, by identifying those schools that have had a deficit balance of more than 2.5% for the last four years.
7. At their meeting in October 2018, Schools Forum agreed that the School Strategic Financial Management statement should replace the previous School Financial Management Information Statement to assist schools with their financial management.

### Key issues

8. The net revenue balance of £6.62 million in 2018/19 has increased by 2.5% from the 2017/18 balance of £6.46 million.
9. Analysis of the gross revenue surplus and deficit balances reveals that between 2017/18 and 2018/19 both revenue surplus and deficit balances increased by 6.06% and 13.15% respectively.
10. The number of schools in deficit has decreased from 19 in 2017/18 to 16 in 2018/19, however, the value of the deficits has increased from £3.24 million in 2017/18 to £3.67 million in 2018/19, an increase of £0.43 million.
11. The number of schools in surplus in 2017/18 and 2018/19 remains constant at 125 and 124 respectively, however, the value of the surpluses has increased by £0.59 million from £9.70 million in 2017/18 to £10.29 million in 2018/19.
12. **Appendix 3** identifies that as at 31 March 2019, 5 schools held revenue balances of more than 15% for each of the last five years. This equates to 3.57% of Wiltshire Schools as at March 2019 and would not trigger further enquiry from the DfE. For the 2018/19 financial year 31 schools held revenue balances of more than 15% of their School Budget Share, compared to 28 in 2017/18.

13. **Appendix 4** shows that 4 (2.86%) schools have been in deficit by more than 2.5% and £10,000 of their School Budget Share for each of the last 4 years and could potentially, trigger further enquiry from the DfE as described in paragraph 6(b). At the end of the 2018/19 financial year 14 schools were in deficit by more than 2.5% and £10,000 of their School Budget Share.

### **Position of the Local Authority**

14. A number of support mechanisms have been put into place to support schools facing financial difficulty;
- The LA continues its support for the work of the F40 Group which campaigns for fairer funding for schools and greater funding in the overall school system
  - Increased capacity of Schools Strategic Financial Advisors to work with schools facing deficit budgets
  - A new structure within the School Improvement team to support schools facing a number of challenges
  - Collaborative work with Regional and School Improvement Advisors to ensure that any Financial Recovery Plans are fit for purpose, balanced and take account of both educational needs as well as financial needs
15. Whilst a number of schools are facing financial difficulties, there are a number that have recovered from a financial deficit and are able to share their 'story' with other schools and act as a reference point. This includes a mixture of schools, small, large, split site rural and urban schools and examples include;
- Greentrees
  - Amesbury Archer
  - Sambourne
  - The New Forest
  - Coombe Bissett
16. Wiltshire's position has been compared to other LA's across the South West and nationally to see if we are an 'outlier'. The majority of our counterparts across the South West are experiencing similar issues and volumes of schools facing deficit budgets. Nationally there are regional variations, which are reflective of the current funding structure.

### **Recommendations**

17. Schools Forum members are invited to comment on this report.

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