

Wiltshire Council

School Funding Working Group: 27th September 2021

Schools Forum: 7th October 2021

Schools Revenue Surplus and Deficit Balances 2020/21

Introduction

1. This report presents the position of revenue balances for Wiltshire maintained schools as at the 31st March 2021 and identifies those in surplus and deficit.
2. The net surplus balances for the financial year 2020/21 are £11.67 million with 113 schools holding surplus balances of £14.39 million and 13 schools in deficit to a value of £2.72 million.
3. In October 2020, members considered a report on schools' balances and deficits as at the 31st March 2020. In that report the net surplus balances were £6.44 million with 110 schools holding surplus balances of £9.96 million and 20 schools in deficit to a value of £3.52 million.
4. The number of LA maintained schools has decreased from 130 to 126 between 31st March 2020 and 31st March 2021, 3 special schools amalgamated to become 1 school and 2 schools converted to academy. The data in this report does not include those schools which converted during the financial year.

Main considerations

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

	2018/19	2019/20	2020/21	2020/21 Balances as % of 2020/21 Budget Share %	Increase/ Decrease from 2019/20 £	Increase/ Decrease from 2019/20 %
	£	£	£			
Primary	8,604,118	7,511,918	11,042,554	9.78	3,530,638	47
Secondary	-2,201,302	-1,645,752	-545,039	-0.48	1,100,713	-66.88
Special	219,275	571,713	1,173,283	1.04	601,570	105.22
	6,622,092	6,437,878	11,670,798	10.33	5,232,921	*81.3

*NB: this represents the total percentage increase in all schools' balances between 2019/20 and 2020/21

6. 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 balances			Deficit balances		
	2018/19 £	2019/20 £	2020/21 £	2018/19 £	2019/120 £	2020/21 £
Primary	9,268,943	8,611,811	11,821,389	-664,825	-1,099,893	-778,835
Secondary	721,659	727,840	1,398,129	-2,922,960	-2,373,592	-1,943,168
Special	299,748	619,073	1,173,283	-80473	-47,360	0
Total	10,290,349	9,958,724	14,392,800	-3,668,258	-3,520,845	-2,722,003

7. **Appendix 1**, attached to this report details the revenue surplus and deficit balances for individual maintained schools. *(It should be noted that for Special School budgets, the percentage surplus and deficit are reported on their 'planned place' income which excludes their 'top-up' funding. Top-up funding can exceed the level of place funding and therefore needs to be taken into consideration when scrutinising the special schools positions).*
8. As part of the dedicated school's grant (DSG) assurance framework, the DfE may ask local authorities to provide additional information where:
- the authority has 5% of schools that have had a surplus of 15% or more for the last 5 years and where the individual surplus is least £10,000 each year. Authorities will only be asked for more information if at least 3 schools meet the criteria.
 - the authority has 2.5% of its schools in deficit by 2.5% or more for the last 4 years and where the individual annual deficit is at least £10,000.
9. **Appendix 2** - analyses the 2020/21 revenue balances to categorize those that are classified as:
- In surplus and above 15% of school budget share
 - in surplus but below 15% of school budget share
 - in deficit
10. **Appendix 3** - demonstrates the Authority may trigger an investigation from the DFE, as described in 8a above, by identifying that 9 schools, (7.1%) have held revenue balances of 15% or more of their school budget share for the last 5 years.
11. **Appendix 4** - demonstrates the Authority may trigger an investigation from the DFE, as described in 8b above, by identifying that 4 schools, (3.2%) have held deficit balances of more than 2.5% and £10,000 for the last 4 years.

Key points

12. The net revenue balance of £11.67 million in 2020/21 has increased by £5.23 million (81.2%) from the 2019/20 balance of £6.44 million.
13. Analysis of the gross revenue surplus and deficit balances reveals that between 2019/20 and 2020/21 surplus balances have increased by 44.5% and deficit balances have decreased by 22.7%.

14. The number of schools in deficit has decreased from 20 in 2019/20 to 13 in 2020/21, and the value of the deficits has decreased by £0.8 million from £3.52 million in 2019/20 to £2.72 million in 2020/21.
15. The number of schools in surplus has increased from 110 in 2019/20 to 113 in 2020/21 with the value of surpluses increasing by £4.43 million, from £9.96 million in 2019/20 to £14.39 million in 2020/21.
16. The appendices highlight that the Authority may trigger an investigation from the DFE due to the number of schools holding excess revenue or deficit balances.
17. Due to the restrictions imposed, because of Covid 19, the 2020/21 financial year was not a normal operating year for schools. Schools were fully funded during this period and faced restrictions regarding occupancy and delivery of teaching which might explain in part the increase in the net revenue balances from 2019/20 to 2020/21 of £5.2 million.

Proposals

18. Schools Forum members are invited to comment on and note this report.

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