

Wiltshire Council

School Funding Working Group: September 2022

Schools Forum: 6 October 2022

Schools Revenue Surplus and Deficit Balances 2021/22

Introduction

1. This report presents the position of revenue balances for Wiltshire maintained schools as at the 31st March 2022 and identifies those in surplus and deficit.
2. The net surplus balances for the financial year 2021/22 are £13.3 million with 110 schools holding surplus balances of £15.9 million and 13 schools in deficit to a value of £2.57 million.
3. In October 2021, members considered a report on schools' balances and deficits as at the 31st March 2021. In that report the net surplus balances were £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.
4. The number of LA maintained schools has decreased from 126 to 123 between 31st March 2021 and 31st March 2022. 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: -

	2019/20	2020/21	2021/22	2021/22 Balances as % of 2021/22 Budget Share %	Increase/ Decrease from 2020/21 £	Increase/ Decrease from 2020/21 %
	£	£	£			
Primary	7,511,918	11,042,554	11,319,252	9.35	276,699	2.51
Secondary	-1,645,752	-545,039	708,889	0.59	1,253,928	-230.06
Special	571,713	1,173,283	1,325,008	1.09	151,725	12.93
	6,437,878	11,670,798	13,353,150	11.02	1,682,352	*14.42

*NB: this represents the total percentage increase in all schools' balances between 2020/21 and 2021/22

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		
	2019/20 £	2020/21 £	2021/22 £	2019/20 £	2020/21 £	2021/22 £
Primary	8,611,811	11,821,389	12,199,527	-1,099,893	-778,835	-880,274
Secondary	727,840	1,398,129	2,396,774	-2,373,592	-1,943,168	-1,687,885
Special	619,073	1,173,283	1,325,008	-47,360	0	0
Total	9,958,724	14,392,800	15,921,419	-3,520,845	-2,722,003	-2,568,160

7. **Appendix 1**, attached to this report details the revenue surplus and deficit balances for individual maintained schools. (For Special Schools, their income comprise Place funding plus Top Up funding for the year.)
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 2021/22 revenue balances to categorise 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 12 schools, (9.8%) 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, (3.3%) 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 £13.35 million in 2021/22 has increased by £1.68 million (14.4%) from the 2020/21 balance of £11.67 million.
13. Analysis of the gross revenue surplus and deficit balances reveals that between 2020/21 and 2021/22 surplus balances have increased by 10.6% and deficit balances have decreased by 5.6%.
14. The number of schools in deficit has remained the same at 13 and the value of the deficits has decreased by £0.15 million from £2.72 million in 2020/21 to £2.57 million in 2021/22.

15. The number of schools in surplus has decreased from 113 in 2020/21 to 110 in 2021/22, This is due to 3 schools with surplus balances converting to academy status. The value of surpluses increased by £1.53 million, from £14.39 million in 2020/21 to £15.92 million in 2021/22.
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. Many schools are still holding large surplus balances following the Covid 19 pandemic and the additional funding granted to support schools.

Proposals

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

Report Author: Debbie Williams
Schools Strategic Financial Management Adviser
Contact: Tel.: 01225 712535
E-mail: deborah.williams@wiltshire.gov.uk