

## Wiltshire Council

### School Funding Working Group – 5 October 2020

### Schools Forum – 15 October 2020

#### Schools revenue surplus and deficit balances 2019/20

##### Introduction

1. This report presents the position of revenue balances for Wiltshire maintained schools as at 31<sup>st</sup> March 2020 and identifies those in surplus and deficit.
2. The number of LA maintained schools has decreased from 140 to 130 between 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2020, 5 schools converted to the Equa MAT on 1<sup>st</sup> April 2019 and 5 schools converted to academy during the 2019/20 financial year. The data in this report does not include those schools which converted during the financial year.
3. In October 2019, members considered a report on schools' balances and deficits as at 31<sup>st</sup> March 2019. In that report, the value of surpluses was £10.29 million and 16 schools were in deficit with a total value of £3.668 million.

##### Main considerations

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

	2017/18	2018/19	2019/20	2019/20 Balances as % of 2019/20 Budget Share %	Increase/ Decrease from 2018/19 £	Increase/ Decrease from 2018/19 %
	£	£				
Primary	8,029,388	8,604,118	7,511,918	6.52	-1,092,200	-12.69
Secondary	-1,802,768	-2,201,302	-1,645,752	-1.43	555,549	-25.24
Special	233,854	219,275	571,713	0.5	352,437	160.73
	<b>6,460,474</b>	<b>6,622,092</b>	<b>6,437,878</b>	<b>5.59</b>	<b>184,214</b>	<b>-2.78*</b>

\*NB: this represents the total percentage decrease in all schools' balances between 2018/19 and 2019/20

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		
	2017/18 £	2018/19 £	2019/20 £	2017/18 £	2018/19 £	2019/20 £
Primary	8,575,480	9,268,943	8,611,811	-546,092	-664,825	-1,099,893
Secondary	882,425	721,659	727,840	-2,685,193	-2,922,960	-2,373,592
Special	244,570	299,748	619,073	-10,717	-80,473	-47,360
<b>Total</b>	<b>9,702,475</b>	<b>10,290,349</b>	<b>9,958,724</b>	<b>-3,242,001</b>	<b>-3,668,258</b>	<b>-3,520,845</b>

**Appendix 1** - details the revenue surplus and deficit balances for individual schools.

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 2019/20 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
- **Appendix 3** demonstrates the Authority may trigger an investigation from the DFE, as described in 6a above, by identifying that 8 schools, (6.15%) have held revenue balances of 15% or more of their school budget share for the last 5 years.
- **Appendix 4** demonstrates the Authority may trigger an investigation from the DFE, as described in 6b above, by identifying that 5 schools, (3.85%) have held deficit balances of more than 2.5% and £10,000 for the last 4 years.

### Key points

7. The net revenue balance of £6.44 million in 2019/20 has decreased by 2.78% from the 2018/19 balance of £6.62 million.
8. Analysis of the gross revenue surplus and deficit balances reveals that between 2018/19 and 2019/20 both the revenue surplus and deficit balances have decreased by 3% and 4% respectively.
9. The number of schools in deficit has increased from 16 in 2018/19 to 20 in 2019/20, however, the value of the deficits has decreased by £0.15million from £3.67 million in 2018/19 to £3.52 million in 2019/20.
10. The number of schools in surplus has decreased from 124 in 2018/19 to 110 in 2019/20 and the value of the surpluses has decreased by £0.33 million, from £10.29 million in 2018/19 to £9.96 million in 2019/20.
11. Section 6 highlights that the Authority may trigger an investigation from the DFE due to the number of schools holding excess revenue or deficit balances.

### Recommendations

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

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