

**Report to:** Schools Forum

**Date:** 24<sup>th</sup> June 2021

**Report of:** Julie Beattie, Finance Manager (Schools & Fair Funding)

**Title:** 2020/21 Schools Reserves

## 1. Purpose of the Report

To inform Schools Forum of the level of school balances as at 31<sup>st</sup> March 2021 (excluding academies). It is expected that Schools will be informed of their balances through the School Noticeboard week commencing 21<sup>st</sup> June 2021.

## 2. Breakdown

2.1 As at 31<sup>st</sup> March 2021 the cumulative net school balances for BCC maintained schools is £76.433m. The breakdown by sector is set out in the table below together with the 2020/21 position.

**Table 1 – Schools Reserves Analysis**

Sector	2019/20 LA Maintained Schools 31st March 2020					2020/21 LA Maintained Schools 31st March 2021				
	Total Balance	Surplus Schools		Deficit Schools		Total Balance	Surplus Schools		Deficit Schools	
	£	No	£	No	£	£	No	£	No	£
Nursery	912,599.73	19	2,192,277.65	8	(1,279,677.93)	1,546,557.14	19	2,683,452.34	8	(1,136,895.21)
Primary	32,306,581.91	147	35,436,231.03	22	(3,129,649.11)	48,098,783.59	155	50,342,990.40	14	(2,244,206.80)
Secondary	17,366,533.36	16	17,770,693.72	1	(404,160.37)	21,983,861.62	16	22,091,931.53	1	(108,069.92)
Special	1,017,697.85	14	4,928,159.61	8	(3,910,461.76)	4,803,929.57	17	7,637,284.31	5	(2,833,354.74)
<b>Total Schools</b>	<b>51,603,412.85</b>	<b>196</b>	<b>60,327,362.01</b>	<b>39</b>	<b>(8,723,949.17)</b>	<b>76,433,131.92</b>	<b>207</b>	<b>82,755,658.58</b>	<b>28</b>	<b>(6,322,526.66)</b>

*The 2019/20 figures has been adjusted to only reflect the remaining maintained schools.*

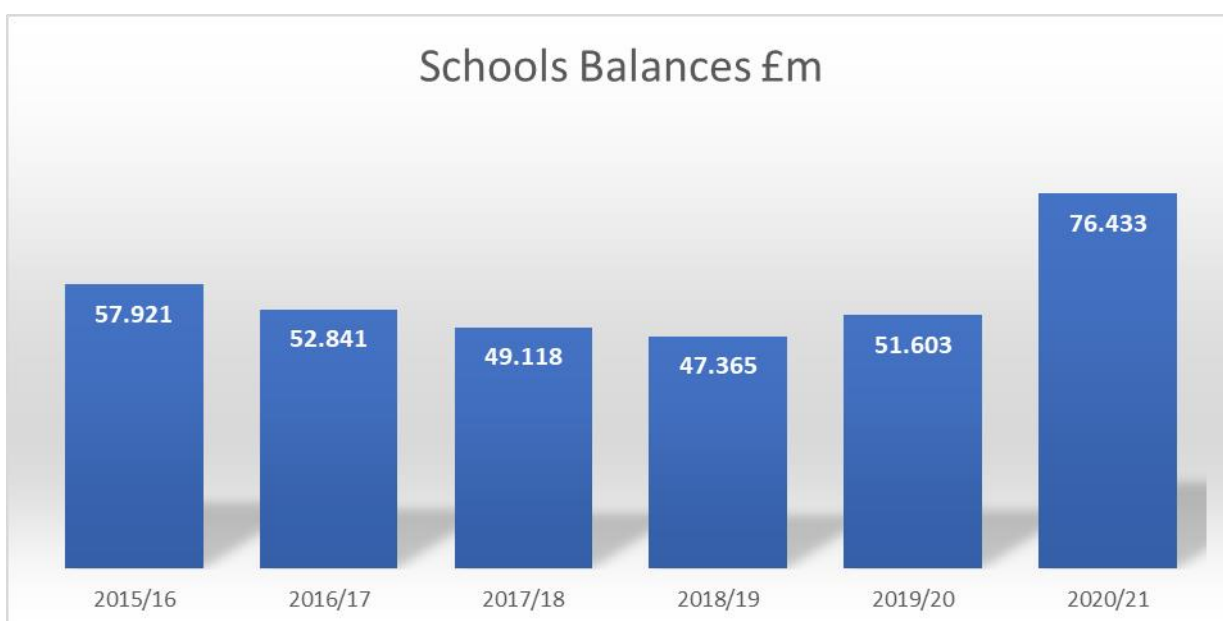
2.2 It is to be noted:

- Total net BCC maintained school balances have increased by £24.830m from 2019/20. All spending has been impacted by the COVID-19 pandemic in 2020/21. Early indications are that although there have been some instances of increased costs and income losses, there have also some reductions in expenditure on items such as exam fees, premises and utilities which has led to larger underspends being incurred than in previous years. It should be noted that

schools may have also been focusing on their financial management responsibilities to ensure balanced budgets.

- b) The number of LA maintained schools in deficit has decreased and is now 28 (11.9% of the total number of LA maintained schools). The cumulative value of deficits has decreased by £2.401m to £6.323m.
- c) Since 2015/16 the trend on net school balances (excluding academies) has been:

Financial Years	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
£m	57.921	52.841	49.118	47.365	51.603	76.433



### 3. Schools in Deficit

In the case of schools in deficit or showing an adverse trend, the data will inform the work already being done by Birmingham City Council to identify schools causing financial concern and support / work with those schools. The Council has previously been concerned at the escalating level of deficits across the sector and has been working jointly with Schools Forum. It should be recognised that 2020/21 has been a difficult year with the COVID-19 pandemic and the true financial position will probably evolve over the next few years. Further reports on the deficit position will be brought to the Schools Forum during the year.

### 4. Schools in Surplus

- 4.1 For schools in surplus above the recommended levels (8% Primary and 5% Secondary), the reported figures do not factor in any legitimate commitments and plans the schools have (or not) that will be a further call on the balances. The intention therefore, as last year, is for audit to conduct a review of a sample of schools with high surplus balances and those that have moved into significant surplus and seek

satisfactory explanations from the schools concerned before deciding whether any clawback is warranted.

- 4.2 Schools have been reminded of the requirement to complete the Surplus Balance Analysis proforma and present to their Governing body meeting as soon as possible after notification of balances is received.

## **5. Birmingham City Schools Control of Surplus Balances Policy**

5.1 In November 2019 Schools Forum approved:

- a) the implementation of Birmingham maintained schools Control of Surplus Balances Policy which was included in the November 2019 Schools Forum papers.
- b) that the policy is incorporated into the Birmingham Fair Funding Scheme of Delegation.

5.2 For information, Schools Forum at that meeting also noted:

- a) that on Policy on the control of surplus balances paragraph 2.2: 'Surplus balances held by schools, as permitted under the Fair Funding Scheme of Delegation, are subject to the following': it was suggested to add 'in excess of recommended levels' after 'surplus balances'
- b) the final decision would be made by the Director of Education and Skills with the full involvement of the Finance and Governance Group.
- c) Appeals to be put writing to the Chief Finance Officer
- d) Any balances clawed back will be used to offset deficit balances paid by the Council under directed Academy Conversions. Any alternative use of clawback funding will be subject to discussion with the School Forum.

5.3 Birmingham Fair Funding scheme of Delegation is currently in the process of being updated to reflect the agreed changes.

5.4 Birmingham City Council will look at 2020/21 surplus balances in excess of recommended levels but will take into account Covid-19 before taking further action.

## **6. Recommendations**

6.1 School's Forum to note the level of school balances as at 31<sup>st</sup> March 2021.