

SCHOOLS' FUNDING FORUM (SFF)

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| SUBJECT: | Schools' Outturn analysis for 2018-19 (for Kent Maintained Schools) |
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| AUTHOR: | Ian Hamilton, Head of Schools Financial Services |
| DATE: | 3 May 2019 |

SUMMARY OF REPORT:

To provide members of the SFF with an update on the 2018-19 maintained schools outturn position comparing figures against 2017-18 and includes overviews of schools in deficit and schools that have exceeded the Balance Control Mechanism (BCM) threshold.

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| FOR: | Information only |
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1 Introduction

- 1.1 Annually the SFF are provided with an update on Maintained Schools outturn Appendix 1 is an analysis of the position for 2018-19.
- 1.2 During the summer of 2018 an SFF working group reviewed the BCM for Maintained Schools. The outcome of the review increased the thresholds (allowable amount to be carry forward at year end) by 50% for each type of school and introduced a threshold for Special Schools. The table below provides details of the percentage of grant income allowed to be carried forward.

| Type of school | 2017-18 % | 2018-19 % |
|-----------------------|------------------|------------------|
| Primary Schools | 8.0% | 12.0% |
| Secondary Schools | 5.0% | 7.5% |
| Pupil Referral Unit | 8.0% | 12.0% |
| Special Schools | No threshold | 12.0% |

Appendix 2 provides an analysis of those schools exceeding their BCM threshold for 2018-19

- 1.3 Appendix 3 provides an analysis of schools in deficit at the end of 2018-19. The detailed annual update to the SFF on schools in deficit will be provided at the SFF meeting on the 26 June 2019.

2. Commentary and Observations - Appendices 1 to 3

Appendix 1 – Analysis of Outturn 2018-19

Revenue

2.1 The total Revenue reserves for Primary, Secondary and Special Schools have increased by £2,845,150 (0.38%) from £29,085,908 (2017-18) to £31,930,850 (2018-19).

45% of Primary Schools have reserves below 6%, 50% of Secondary Schools have reserves below 4% and 23% of Special Schools have reserves below 6%.

2.2 Comparison of total Revenue reserves as a percentage of Income

| | 2017-18 | | 2018-19 | |
|-------------------|--------------------|-------------------------|--------------------|-------------------------|
| | Total Income | Reserves as % of Income | Total Income | Reserves as % of Income |
| Primary Schools | 364,806,715 | 5.62% | 364,413,270 | 6.00% |
| Secondary Schools | 129,097,468 | 1.28% | 129,438,378 | 2.21% |
| Special Schools | 88,766,780 | 7.81% | 95,669,287 | 7.51% |
| | | | | |
| Overall | 582,670,962 | 4.99% | 589,520,935 | 5.42% |

Schools Revenue reserves, as a percentage of income, has maintained a consistent level, within a range of 1.31% (5.85%- 4.54%) over the last four years. Reserves as a percentage of income over the period are 5.85% in 2015-16, 4.54% (2016-17), 4.99% (2017-18) and 5.42% in 2018-19. A significant influencing factor for the increase of 0.43% between 2017-18 and 2018-19 could be a result of the increase to the BCM threshold (note 1.2 above).

2.3 The Revenue reserves held by PRUs have decreased by £799,080 (35.6%) from £2,244,316 in 2017-18 to £1,445,236 in 2018-19.

Capital

2.4 The overall position on Capital reserves is a surplus of £3,937,813. This is an increase on 2017-18 of 170% (£2,367,850) for Primary Schools, 52% (£242,453) for Special Schools and by 72% (£1,395,331) for Secondary Schools.

2.5 The underlying factor determining the increase in Capital balances is the additional capital funding allocated by the Government to schools in February 2019, remaining unspent by the majority of schools, at the end of 2018-19.

Appendix 2 – Analysis of Schools over the BCM threshold.

- 2.6 There were 27 schools exceeding the BCM threshold at the end of 2018-19 all of which met the permitted exceptions criteria. As part of compliance within the criteria, Schools Financial Services will monitor each school in 2019-20 to ensure that expenditure is incurred against the reported permitted exception.

Appendix 3 – Analysis of schools in deficit

- 2.7 A detailed annual report of schools in deficit will be presented to the SFF at its next meeting on the 26 June 2019. Appendix 3 provides an overview of schools ending in a deficit position at the end of 2018-19.
- 2.8 The number of schools ending the year in deficit has decreased from 17 in 2017-18 to 11 in 2018-19. This movement is made up of 10 schools that have come out of deficit during 2018-19, 7 schools remaining in deficit and 4 new schools that have gone into deficit by the end of the financial year.

3. Recommendation

- 3.1 Members of the Forum are asked to NOTE and COMMENT on the 2018-19 schools' outturn position