



DERBY CITY COUNCIL

COUNCIL CABINET
31 JULY 2007

Cabinet Members for Children's and Young People and Corporate Policy

Retained school balances

SUMMARY

- 1.1 The report sets out details of schools' planned use of balances, where these exceed the threshold set out in the Council's Scheme for Funding Schools.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendations

RECOMMENDATIONS

2. To notify schools of the Council's approval for their planned use of surplus balances and to set conditions as set out in appendix 3 on the use of any balances additional to those assumed in their budgets.

REASONS FOR RECOMMENDATIONS

3. The Scheme for Funding Schools allows the Council to claw back surplus balances if these do not comply with an approved list of reasons for holding them.



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Report of the Corporate Director for Children and Young People and
Corporate Director for Resources

Retained school balances

SUPPORTING INFORMATION

- 1.1 The Council's ability to claw back surplus balances came into effect from 1 April 2004. Surplus balances are those which exceed 8% of the budget in the case of primary, nursery and special schools (previously 10%), and 5% in the case of secondary schools. Cabinet set conditions on the use of surplus balances at its meeting of 20 July 2004.
- 1.2 After two years of falling balances, the total rose during the 2005/06 financial year, from £5.1m to £5.9m. However, for 2006/07 balances have fallen to £5.6m. The number of schools above the threshold has increased from 24 last year to 30 but this is entirely due to the DfES insisting that the threshold for primary schools must be 8% of their delegated budget. There has been a great deal of turnover with 10 of last year's 24 dropping below the threshold. All nursery schools remain above the threshold.
- 1.3 Information was requested from schools with balances above the threshold as to how they planned to use the balances in accordance with the list of approved reasons set out in Appendix 2. Responses from those schools are set out in Appendix 3. In some cases, schools have only previously submitted a single year's budget plan to the Council, which makes it difficult to judge the sustainability of the proposals, so it is suggested in these cases that they should submit a three year plan as many schools have done.

OTHER OPTIONS CONSIDERED

2. The Scheme for Funding Schools requires an evaluation of the reasons given by schools for retaining large balances.

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Background papers:	Requests from schools
List of appendices:	Appendix 1 – Implications
	Appendix 2 – Summary of approved reasons for holding large balances
	Appendix 3 – Comments on school responses

IMPLICATIONS

Financial

- 1.1 The Scheme for Funding Schools allows the Council to claw back surplus balances where these exceed 8% of the delegated budget in the case of primary, nursery and special schools, and 5% in the case of secondary schools, and where the planned use of balances does not comply with an approved list of uses. The Council believes that, in general, funding allocated to schools should be spent for the benefit for the pupils who are in a school in the year the funding is allocated. Accumulation of balances without good reason could disadvantage current pupils in favour of future cohorts.
- 1.2 All approvals for capital schemes are in principle and are subject to the usual approval arrangements before work begins.

Legal

2. The Scheme for Funding Schools forms the legal basis for the Council's financial relationships with schools. Amendments to the Scheme have to be approved by the DfES.

Personnel

3. Staffing costs form the largest single part of an individual school's budget. Governors are responsible for making staffing decisions, taking into account the budget available.

Equalities impact

4. None.

Corporate objectives and priorities for change

5. The proposal comes under the Council's objective of "supporting everyone in learning and achievement"

Summary of approved reasons for holding large balances

- Where the balances have been taken into account in setting the following year's budget plan, and the projected balance at the end of that year falls below 10% of the delegated formula budget (for primary and special schools) or 5% for secondary schools. Any actual balances above the assumed level would not be approved unless falling within another of these categories.
- Where there is expenditure which has been committed by the end of the financial year by placing orders or employing staff prior to that date, but has not been charged to the previous financial year.
- Where income from a Standards Fund has not been spent within the 12 month period but will be by the end of the current academic year.
- Where expenditure has been set aside to meet necessary additional costs of an approved scheme within the capital programme, such as furnishing a new classroom.
- Where expenditure has been set aside for capital work which accords with the Council's Asset Management Plan priorities and there is an agreed timetable for the work.
- Where funding has been set aside to meet the costs of maintaining curriculum organisation for a single year group with reduced pupil numbers as it progresses through the school.
- Where it is planned to avoid staffing reductions for the summer term so as to provide stability for pupils for the remainder of the academic year.
- Where a balance relates to earmarked external funding which has been received but not yet spent.

The list would not include:

- Retaining significant funding to cushion the budget against future falls in pupil numbers, where balances would remain above the threshold at the end of the following financial year.
- Unplanned additions to revenue budgets where these arise from a higher than expected carry forward and do not comply with any of the categories listed above.
- Capital projects which have not been clearly defined and/or do not comply with Asset Management Plan priorities.

Comments on school responses

The figures in brackets show the total balances carried forward and are also shown as a percentage of their 2007/08 delegated budget. If balances have been above the threshold for more than one year, this is also shown.

Primary schools

Asterdale Primary School (£127,745, 22.6%)

Balances have risen substantially due to the opening of the Children's Centre and uncertainties around budgets, how much Children's Centre funding the school would receive and the impact that would have on the schools resources. There is £30,000 worth of invoices for capital works outstanding and £10,000 is planned for ICT replacements, the remaining surplus has been planned for use on Children's Centre developments. This is an approved use of balances.

Gayton Community Junior School (£161,339, 17.1% 2nd year)

Cabinet approved the use of balances last year for a capital project including alteration to toilet areas although it did raise the issue that this project may encounter delays until information from conditions surveys were available. The school plans to spend £63,000 on capital work, including the completion of the project approved last year. £20,000 of standards funds money is held in the balances. There is also an emergency heating project scheduled for work in the school and there may be a requirement to support this from revenue balances. The school is using £40,000 of its balances to support the 07/08 revenue budget and its three year budget plan shows a vast reduction in balances. These are approved use of balances.

Springfield Primary School (£71,983, 15.2%)

As the school will be having a new head from September 2007 the use of the surplus balances are not available. It is proposed that the school can retain the balances subject to a detailed plan of their use being submitted by the new head by the end of September.

Oakwood Junior School (£130,506, 14.0%, 2nd year)

Last year Cabinet approved use of balances for ICT improvements and £16,000 worth of expenditure remains outstanding relating to last financial year. The school also has a planned capital window replacement project and the installation of interactive whiteboards. This is an approved use of balances.

Ravensdale Junior School (£90,163, 12.6%, 2nd year)

The school has plans for two major capital projects including replacement windows and new office accommodation. This is an approved use of balances.

Breadsall Hill Top Junior (£68,135, 12.4%, 8th year)

The schools balances have reduced from last year (13.5 %) and they have experienced delays in capital improvements to the school. The school is planning to spend approximately £25,000 on these improvements during 2007/08. These are approved use of balances.

Firs Estate Primary (£77,488, 12.1%)

The school plans to use the balances on capital projects including an upgrade of the ICT suite, repainting the exterior of the school and refurbishing the pupil toilets. This is an approved use of the balances.

Parkview Primary School (£76,086, 11.8%, 2nd year)

The balance includes £7,035 for unspent standards funds, which will be spent by the end of August 2007 and has £19,298 planned expenditure for completion of a capital scheme due to delays in starting. This is an approved use of balances.

Cherry Tree Hill Junior (£71,909, 11.2%, 3rd year)

The school's balances did not reduce as much as expected and the prime reason for this was due to savings materialising following the head's secondment. The school has plans for employing additional staff aimed at personalised learning and implementing interventions to improve the Every Child Matters Agenda. This is an approved use of balances.

Roe Farm Primary School (£106,287, 10.8%, 5th year)

Cabinet last year approved the school's retention of its balances for a contribution to a capital scheme and some of this work is still outstanding. The school plans to spend the balances on a new verandah, part funded by Derwent Communities, ICT improvements and fixtures and fittings as a result of capital projects. This is an approved use of the balances.

Portway Junior School (£81,572, 10.6%, 2nd year)

£60,000 is planned to enable separate age classes to be kept for two year groups with low numbers. The school had experienced significant delays in the installation of interactive whiteboards, totally outside of their control, and this accounts for exceeding the surplus balances threshold. The whiteboards have now been fitted. This is an approved use of balances.

Ashgate Primary School (£91,151, 10.2%)

The school is undergoing organisational changes and wish to use their balances on staffing to ensure that pupil: teacher ratios are sustained. This is an approved use balances.

Breadsall Hilltop Infant School (£55,175, 10.0%)

The school wishes to use balances to maintain good levels of teaching assistant support and maintain six classes within school. The submitted budget plan shows balances at the end of 2007/08 within the 8% allowed. This is an approved use of balances.

Moorhead Primary School (£73,230, 9.9%)

The school plans use the balances to employ additional staff to work with targeted pupils in raising the standard of attainment in literacy, numeracy and science as part of the conditions of the Notice to Improve following the school coming out of special measures in November 2005. This is an approved use of balances.

St Peter's Church of England (Aided) Junior School (£59,637, 9.3%)

Capital projects planned for completion this financial year amount to £16,050 and the school plans to have balances within the threshold levels at the end of 2007/08 financial year. This is an approved use of balances.

Redwood Infant School (£65,582, 9.1%)

The school plans to spend surplus balances on additional teaching assistants to support children with significant special educational needs. This is an approved use of balances.

St James' Church of England (Aided) Infant School and Nursery (£31,655, 8.7%, 7th year)
The school is holding £1,800 of standards funds and plans to spend £3,400 on playground markings and an intruder alarm upgrade. This is an approved use of balances.

Beaufort Community Primary School (£79,231, 8.6%)
Installations of Interactive whiteboards were delayed and are scheduled for this financial year. This is an approved use of balances.

St James' Church of England (Aided) Junior School (£74,388, 8.6%)
The school plans to spend £7,000 on new ICT learning resources and holds £6,750 of unspent standards funds, which has to be spent by the end of August 2007. This is an approved use of balances.

Rosehill Infant and Nursery School (£51,894, 8.4%)
The school holds £8,000 of unspent standards funds, which will be spent by the end of August 2007. This is approved use of balances.

Chellaston Infant School (£80,683, 8.1%)
Slippages in a planned painting programme and installations of whiteboards have resulted in high balances at the school. The school plans to complete these projects by the end of the summer and this is an approved use of balances.

Secondary Schools

Noel-Baker Community School (£386,256, 6.7%)
The school has £32,000 worth of invoices outstanding from last financial year and plans to spend £70,000 on ICT developments scheduled for the summer. These are approved uses of surplus balances.

Nursery Schools

Whitecross Nursery (£73,669, 32.8%, 3rd year)
The school has committed £66,000 to capital works currently being undertaken. This is an approved use of balances.

Harrington Nursery (£68,913, 26.7%, 3rd year)
The school has planned capital projects to the value of £36,000, these include replacement of a wall, a heating system and car park and play ground refurbishments. These are approved use of balances.

Ashgate Nursery (£44,197, 23.2%, 3rd year)
The school plans to spend surplus balances on a capital project for covered walkways around the school. This is an approved use of balances.

Central Nursery (£63,518, 22.1%, 3rd year)
The school plans to contribute £50,000 to a capital project for children's centre developments. These developments are in the very early stages and no detailed plans have yet been drawn up. The use of surplus balances will only be approved as available to the school should these children centre plans come into fruition by the end of October 2007. The use of the surplus balances is subject to this condition.

Stonehill Nursery (£39,152, 18.1%, 3rd year)
Despite this being the third year of having surplus balances, the school balances have reduced by £10,000 on last year. The school is proposing to use balances on installation of

a new fire alarm system, installation of an interactive plasma and external capital work. These are approved uses of balances.

Special Schools

St Andrew's School (£233,138, 14.5%)

The balances are planned for a capital project to accommodate additional post 16 numbers. This is an approved use of balances.

St Clare's School (£159,792, 13.3%)

The school is planning to increase teaching staff from September 2007 as a result of planning and preparation time for staff and the need to offer vocational courses to students. The school also has planned capital projects including an external canopy for the development of the vocational curriculum at a cost of £80,000 and £10,000 for the installation of interactive whiteboards. These are all approved uses of balances.

Ivy House School (£144,863, 10.4%)

Funds had been put aside at the school during the year until the new build had been confirmed. As the new school is planned for 2009 the school wished to seek approval for the use of £10,000 for a school sign, internal painting following a health and safety inspection, new external doors and new fencing. A further £2,000 on new play area equipment, £10,000 on PE and ICT equipment and £2,000 on a mobile hoist. These are approved use of balances.