

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOLS OUTTURN FINANCIAL YEAR 2020-21

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To inform the Schools Forum of the outturn of individual school budgets and the overall financial position of North Lincolnshire maintained schools at the close of financial year 2020-21.

2. BACKGROUND INFORMATION

- 2.1 Individual school budgets for 2020-21 amounted to £112.378m of which £54.990m was recouped by the Education & Skills Funding Agency (ESFA) for academy schools. In addition, maintained schools carried forward balances of £3.196m from 2019/20.
- 2.2 Actual expenditure by maintained schools in 2020-21 was £57.637m, resulting in an in-year contribution to reserves of £3.022m.

3. OPTIONS FOR CONSIDERATION

- 3.1 At the end of 2020-21 the number of school budgets with deficit balances is 5 (7 in 2019/20). Two Primary schools cleared their one-year deficits and one Primary federation of two schools has cleared a long standing deficit. One Primary converted to academy with a deficit balance which will be reimbursed by the ESFA in 2021-22. One primary school unexpectedly ended the year with deficit balance within 2% of their total budget. The school has set a budget plan to clear the deficit within 2021-22 and is not required to apply for a licensed deficit.
- 3.2 Three schools continue with on-going deficits. All are making progress having reduced their deficits from -20.2% to -9.6%; -11.6% to -5.9%; -17.0% to -5.6%.

- 3.3 Thirty-five schools have increased or maintained their surplus balances including those reducing or removing their deficit balances. Seven schools hold positive excessive balances (over 15% of the school budget), with four of these having held such balances for two years. Those schools have therefore been asked to provide further details of the intended use of these surplus reserves.

4. ANALYSIS OF OPTIONS

- 4.1 The value of the total carry forward for all schools has increased by £3.02M and is 9.7% of total school budget. Schools have received full funding and felt varying financial effects of the pandemic. Additional grants were received where exceptional costs were evidenced (£176k) and catch-up grants (£624k) were received by all schools for the academic year 2020-21. The sports premium grant was received by primary schools and is permitted to be carried forward into the 2021-22 financial year recognising that some of the activities planned for this grant will not have been possible. Some schools also received a Supplementary FSM grant (total of £232K across 44 schools) in February to compensate for the lagged funding of free meals provided in 2019-20. Most schools were protected from the impact of reduced meal income via the NLC Catering SLA and additional meals provided in school holidays were funded centrally.
- 4.2 The schools with licensed deficits are on track to return to balanced budgets within their agreed time frames. To ensure this positive path is continued the School Finance team will continue to support schools and governors in their budget monitoring in accordance with the Scheme for Financing Schools.
- 4.3 Schools with surplus reserves have provided details of their intentions:
- Contribution to capital works and play equipment for pupils including use of Sport/PE grant;
 - Modernisation of therapy equipment and IT infrastructure;
 - Purchase/lease of minibus, photocopier and specialised equipment
 - Smoothing the gap between rising or falling NOR and school funding;
 - Providing cover during periods of maternity leave and staffing uncertainties;
 - Staffing for COVID catch-up including use of grant;
- 4.4 School balances are included on the National Schools CFR return and committed and uncommitted balances are reported.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The increase to reserves of £3.021m brings the total value held in individual schools to £6.217m. DSG carry forward amounts to £3.859m

5.2 The scheme of finance states that the maximum proportion of the collective balances held by the authority, which will be used to back the licenced deficit arrangement will not exceed 50%.

5.3 Deficit balances held by schools now totals £0.367M a reduction of £0.696M from 2019-20 and stands at 3.6% of collective balances.

6 OTHER IMPLICATIONS

6.1 There are no other implications to this report.

7 RECOMMENDATIONS

7.1 It is recommended that the Schools Forum note the contents of this report.

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Background Papers used in the preparation of this report – none