



North Northamptonshire Schools Forum: 20 October 2022

Agenda Item 5

School Balances Control Mechanism Policy

1 Background

- 1.1 Schools Forum is asked to agree North Northamptonshire's policy on the Control of Surplus Balances in Schools.

2 Controls on Surplus Balances

- 2.1 Paragraph 4.2 of Scheme for Financing Schools sets out North Northamptonshire's control of surplus balances mechanism.
- 2.2 The report presented to School Forum on 2021/22 Maintained School Balances and Schools Facing Financial Difficulty in 2022/23 sets out the scene why Schools Forum need to consider implementing the School Balances Control Mechanism Policy.
- 2.3 There's a clear indication based on the 3 year budget plans submitted by maintained schools that in 2022/23, 2023/24 & 2024/25 that the number of schools falling into deficit will grow exponentially.
- 2.4 The number of school with deficit in 2021/22 amount to £0.13m. However based on the budget plans received from schools, by 24/25, that total deficit would have increased to £2.497m. It is in this context a protocol for dealing with surplus balances is brought before School Forum to address the growing financial difficulty issues schools are facing in today's difficult and challenging economic climate.
- 2.5 Table 1 gives a preview of the number of maintained schools forecasting to go into deficit by 2024/25 based on their submitted 3 Year Budget Plans which were approved by their respective Governing Body.

Table 1 – Maintained Schools Forecast to be in Deficit – 2021/22 to 2024/25

| School Name | Closing Revenue Balance 2021/22 | 2022/23 Forecast Balance | 2023/24 Forecast Balance | 2024/25 Forecast Balance |
|----------------------------------|---------------------------------|--------------------------|--------------------------|--------------------------|
| Croyland Early Years Centre | -£51,267 | | | |
| Highfield Nursery School | -£24,487 | | | |
| Broughton Primary | | | | -£78,408 |
| Corby Old Village Primary School | | | | -£132,415 |
| Mawsley Community Primary School | | | -£67,865 | -£171,026 |
| Great Doddington Primary | | | | -£3,498 |
| Higham Ferrers Junior School | | | | -£96,465 |
| Alfred Street Junior School | -£57,632 | -£138,751 | -£76,349 | |

| School Name | Closing Revenue Balance 2021/22 | 2022/23 Forecast Balance | 2023/24 Forecast Balance | 2024/25 Forecast Balance |
|--|---------------------------------|--------------------------|--------------------------|--------------------------|
| South End Infant School | | | | -£38,418 |
| Tennyson Road Infant School | | | -£48,631 | -£103,947 |
| The Avenue Infant School | | | -£87,123 | -£234,457 |
| South End Junior School | | | | -£18,981 |
| Higham Ferrers Infant School | | | | -£45,116 |
| Meadowside Primary School | | | -£108,838 | -£335,459 |
| Earls Barton Primary School | | -£2,421 | -£10,932 | -£55,676 |
| Denfield Park Primary | | | -£49,001 | -£124,569 |
| Barton Seagrave County Primary | | | | -£28,372 |
| Croyland Primary School | | | -£194,615 | -£451,700 |
| Geddington C of E Primary | | | -£3,921 | -£101,129 |
| Brigstock Latham's CE Primary School | | | | -£3,028 |
| Kings Cliffe Endowed School | | | | -£2,981 |
| Wilby CE (VA) Primary | | | -£13,163 | -£44,414 |
| St Patricks RC Primary | | | -£3,450 | -£58,628 |
| Little Stanion Primary School | | | -£9,801 | -£82,381 |
| Millbrook Infant School | | | | -£25,693 |
| Thrapston Primary School | | | | -£183,975 |
| Stanion CE Primary School | | | -£5,268 | -£77,082 |
| Total Maintained Schools in Deficit | -£133,385 | -£141,172 | -£678,957 | -£2,497,818 |

2.6 The proposed Policy on Control of Surplus Balances for NNC's maintained schools is attached to this report. Key points in the policy are:

- Schools are entitled to retain balances up to 10% of budget for all maintained nursery, primary, secondary schools and special schools in line with Paragraph 4.2 of North Northamptonshire Scheme for Financing Schools.
- For retention of amounts in excess of these percentages, the proposed usage would need to meet certain criteria which are set out in section 2 of the policy. This will need to be evidenced through the completion of a 'Surplus Balance Analysis Form'.
- There will be a process of validation of the excess surplus balances prior to any clawback.

2.7 In summary the circumstances in which a clawback of balance could happen would be where:

- the reasons for the retention of the surplus balance fail to meet the criteria set out in the policy

- there is an excess balance though the school fails to submit a Surplus Balance Analysis within the prescribed timescale (end of Summer term).

2.8 Table 2 lists the schools that will be affected if the policy is to be implemented for balances held at 31st March 2022.

Table 2 – Schools with balances in excess of 10% of their School Income

| School Name | Opening Revenue Balance 2021/22 | 2021/22 Total income (CFR I01 - I18D) | Closing Revenue Balance 2021/22 | In Year Surplus (+ve) / Deficit (-ve) | Surplus as a % of income | 10% of Income | "Excess" surplus beyond 10% of all School Income |
|--------------------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|--------------------------|---------------|--|
| Broughton Primary | £174,175 | £990,821 | £157,163 | -£17,012 | 15.86% | £99,082 | £58,081 |
| Corby Old Village Primary School | £201,186 | £1,055,355 | £156,240 | -£44,946 | 14.80% | £105,535 | £50,704 |
| Great Doddington Primary | £82,682 | £733,881 | £95,721 | £13,039 | 13.04% | £73,388 | £22,332 |
| Higham Ferrers Junior School | £167,353 | £1,614,258 | £254,063 | £86,710 | 15.74% | £161,426 | £92,638 |
| Nassington Sch | £94,329 | £487,076 | £152,012 | £57,683 | 31.21% | £48,708 | £103,304 |
| Warmington School | £102,658 | £539,214 | £116,201 | £13,543 | 21.55% | £53,921 | £62,280 |
| NNC Park Junior School | £210,375 | £1,421,864 | £183,577 | -£26,798 | 12.91% | £142,186 | £41,390 |
| The Avenue Infant School | £191,409 | £1,024,752 | £145,515 | -£45,894 | 14.20% | £102,475 | £43,039 |
| South End Junior School | £286,741 | £1,677,672 | £236,834 | -£49,907 | 14.12% | £167,767 | £69,067 |
| Higham Ferrers Infant School | £237,767 | £1,289,264 | £138,780 | -£98,987 | 10.76% | £128,926 | £9,854 |
| Whitefriars Primary School | £277,940 | £1,928,795 | £349,268 | £71,328 | 18.11% | £192,879 | £156,389 |
| Hayfield Cross School | £179,288 | £1,463,475 | £254,929 | £75,641 | 17.42% | £146,348 | £108,581 |
| Barton Seagrave County Primary | £369,858 | £2,725,886 | £343,914 | -£25,944 | 12.62% | £272,589 | £71,325 |
| Geddington C of E Primary | £103,141 | £949,081 | £117,377 | £14,236 | 12.37% | £94,908 | £22,469 |
| Titchmarch C of E Primary | £114,163 | £586,512 | £127,903 | £13,740 | 21.81% | £58,651 | £69,252 |
| All Saints CE Primary School | £98,237 | £1,201,059 | £218,683 | £120,446 | 18.21% | £120,106 | £98,577 |
| Brigstock Latham's CE Primary School | £16,412 | £570,281 | £84,171 | £67,759 | 14.76% | £57,028 | £27,143 |
| Kings Cliffe Endowed School | £143,657 | £974,251 | £223,642 | £79,985 | 22.96% | £97,425 | £126,217 |

| School Name | Opening Revenue Balance 2021/22 | 2021/22 Total income (CFR 101 - I18D) | Closing Revenue Balance 2021/22 | In Year Surplus (+ve) / Deficit (-ve) | Surplus as a % of income | 10% of Income | "Excess" surplus beyond 10% of all School Income |
|---------------------------------|---------------------------------|---------------------------------------|---------------------------------|---------------------------------------|--------------------------|-------------------|--|
| Millbrook Infant School | £291,918 | £1,468,376 | £250,241 | -£41,677 | 17.04% | £146,838 | £103,403 |
| Millbrook Junior School | £310,302 | £2,103,546 | £390,220 | £79,918 | 18.55% | £210,355 | £179,866 |
| Stanion CE Primary School | £111,802 | £541,470 | £69,844 | -£41,958 | 12.90% | £54,147 | £15,697 |
| The Latimer Arts College | £1,070,148 | £6,098,374 | £905,835 | - £164,313 | 14.85% | £609,837 | £295,997 |
| Total Maintained Schools | £4,835,541 | £31,445,262 | £4,972,131 | £136,590 | | £3,144,526 | £1,827,605 |

3 Recommendations for Schools Forum

- a) That School Forum considers approving the policy included with this report.
- b) That the policy is implemented for the current financial year 2022/23 and applies to balances held at 31st March 2023.

4 Next steps

- 4.1 The next steps depend on the feedback given by Schools Forum voting members at this meeting.

5 Financial Implications

- 5.1 If the policy is implemented this would mean a potential clawback in school balances.

6 Legal implications

- 6.1 Implementation of this policy would fall within North Northamptonshire Scheme for Financing Schools.

7.1 Risks

- 7.1 There is a risk that the decision made by Schools Forum will prove unpopular with maintained schools with substantive balances.

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