# AGENDA ITEM 7

## Title of report: Provisional School Balances 2021-22

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**Details of who has been consulted with on this paper to date:** n/a

**Executive Summary:** This report informs Schools Forum of maintained school provisional balances as at 31st March 2022. The report also highlights the schools to be reviewed under the balance control mechanism.

**Action required:** Schools Forum is invited to **discuss and comment on** any of the issues raised in the report.

**Appendices to this report:**

Appendix 1 Individual school revenue balances for 2020-21 and 2021-22, with in-year movement of value and as a percentage. Including highlighting of those with a revenue surplus over the 5% and 8% and 12% thresholds as per the balance control mechanism.

Appendix 2 Individual school capital balances, and movement from the previous year

## Purpose of Report

* 1. To provide School Forum members with the provisional school balances position recorded as at 31 March 2022.

##  Background

* 1. Schools receive their delegated budget share based upon the formula factors and components agreed in the Tower Hamlets Schools Funding Formula. In addition, significant revenue grant funding is managed by schools, and capital funding. Grant conditions usually allow schools to carry forward unspent income, despite the assumption that it should be spent on the pupils at the school each year.
	2. Revenue surplus balances are compared nationally as a percentage of total income available, thus allowing a comparison between schools in different areas with varied funding levels.
	3. All schools via their governing body have delegated powers and responsibilities to manage and deploy their financial resources at a local level in accordance with the locally agreed aims and objectives as outlined in the School Improvement Plan (SIP), aimed at achieving the best outcomes for pupils.
	4. Within the framework of Tower Hamlets’ Scheme for Financing Schools (see Section 5), schools are permitted to carry-forward any year-end surplus/deficit recorded at 31st March, to the following financial year.

##  Schools Revenue Position

* 1. Overall, the school revenue balances at the end of the 2021/22 financial year have ***increased*** by **£3.7m (12%)** to **£34.3m**. The year-end position illustrated school by school, is shown in Appendix 1 and the position by school sector in Table 1.

**Table1. Provisional Revenue Balances carried forward by sector: 2020-21 to 2021-22.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  **School phase** | **2020/21**  | **2021-22** | **Revenue movement 20/21 22** | **Revenue movement 20/21 to 21/22**  |
|  | (£000) | (£000) | (£000) | (%) |
| Nursery |  676  |  422  | - 254 | -38% |
| Primary  |  15,873  |  12,955  | - 2,918 | -18% |
| Secondary |  11,067  |  13,890  |  2,823  | 26% |
| Special |  5,019  |  7,025  |  2,007  | 40% |
|   |  **32,634** |  **34,292** | **1,658** | **5%** |

 **School Revenue Deficits**

* 1. The number of deficit schools has increased from ***seven*** at the end of 2020-21 to ***ten*** at the end of 2021-22. The total value of deficit schools at the end of 2021-22 has increased from -£1,05m to -£1.48m. One school came out of a deficit position, two reduced the deficit position from last year and 4 more entered into a deficit.
	2. Despite the overall increase in revenue surplus balances, it is worth noting that the nursery and primary cumulative surpluses have reduced, whilst the secondary and special schools’ cumulative surpluses have increased.
	3. Three schools underwent planned closures in 2021-22, all had deficits at the end of the year, although one had reduced this to a break-even position at year end. Four other schools have amalgamated at the end of the year, one of which had a deficit, another is seeking a partner in a bid to become sustainable for the future.

## School Capital position

* 1. The capital balances reduced by £1,053,740 (33%) from the equivalent closing position in 2020-21. Not all schools manage capital funding locally, the capital funding for voluntary schools will generally be held by the diocese.

**Table1. Provisional Capital Balances carried forward by sector: 2020-21 to 2021-22.**

|  |  |  |  |
| --- | --- | --- | --- |
|  **School phase** | **2020/21**  | **2021-22** | **Capital movement****20/21 to 21/22**  |
|  | (£000) | (£000) | (£000) | (%) |
| Nursery | 136.5 | 109.9 | - 26.6 | -19% |
| Primary  | 1,378.4 | 1,150.5 | - 227.9 | -17% |
| Secondary | 533.6 | 482.1 | - 51.5 | -10% |
| Special | 1,170.2 | 422.5 | - 747.7 | -64% |
|   | **3,218.7** | **2,165.0**  | **- 1,053.7**  | **-33%** |

## Scrutiny and thresholds

* 1. The local authority has a duty to monitor the use of public monies, including the funds delegated to schools to be managed locally. Tower Hamlets have adopted similar monitoring thresholds to other authorities, in order to target schools for scrutiny. Schools in Tower Hamlets receive the highest funding rates per pupil nationally, our level of surplus balance is therefore of particular interest. All schools with balances over the thresholds are required to submit an expenditure plan, agreed by the governing body. All nursery, primary and special schools are required to submit plan for a surplus over an 8% threshold, the secondary school’s threshold is 5%.
	2. Tower Hamlets have a balance control mechanism discussed at School’s Forum in 2021-22 which would apply to all schools in the final column of the table 2 a surplus of over 12%. Overall, 24 schools have a surplus of over 12%, which accounts for £25 million of the total surplus of £34 million. If the surpluses of over 12% were recouped this would represent £9.4 million, with schools retaining £9 million. The commitments will be analysed before any proposals are discussed with Schools Forum. These schools will be required to demonstrate that the surplus balance reported is held for assigned purpose(s) and has been reported to and agreed with the governing body.
	3. The calculation methodology of the surplus as a percentage of income altered for 2021-22 outturn. Consistent with the DFE benchmarking formula, the percentage revenue surplus represents a surplus over the total income, as recorded on the school’s year-end outturn submitted in April 2022. Previous years would have taken the surplus over the sum of selected “budget” lines: I01, I02, and I03.
	4. Table 2 shows the number and percentage of schools that fall into these monitoring categories.

**Table 2. percentage of schools within thresholds 2021-22.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Phase of School | deficit | within 5% / 8% threshold | above 5% / 8% threshold | Total 100% | Above 12% threshold |
| Nursery  | 2 (33%) | 1 (17%) | 3 (50%) | 6 | 3 (50%) |
| Primary | 7 (12%) | 22 (37%) | 30 (51%) | 59 | 12 (20%) |
| Secondary | 0% | 1 (10%) | 9 (90%) | 10 | 4 (40%) |
| Special | 1 (17%) | 0% | 5 (83%) | 6 | 5 (83%) |

* 1. The Department for Education (DfE) published Financial Management Framework document outlines how the DfE intend to challenge and scrutinise local authorities and schools in certain areas. The framework focuses on three key aspects:
* The reported year-end position of the total Dedicated Schools Grant (DSG);
* The reported position of schools completing the Schools Financial Value Standard (SFVS); and
* The reported position of surplus school balances held.
	1. Schools are also required to submit quarterly monitoring information, which includes a projection of the year end position, and should evidence progress or potential further financial risk is assessed. Where proposals are accepted, schools will continue to be supported and monitored to ensure the plans are put into practice and are sustainable.
	2. Following the final reconciliation of school’s balances, and where proposals are not accepted, the surplus funding (in excess of the 12%) will be presented for discussion at Schools Forum before action is taken.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **School** | **2020/21 Revenue balance** | Rev surplus 20-21 | **2021/22 C/F ProvisionalRevenue balance** | rev surplus 21-22 |
| Alice Model | 95,232 | 16% | 24,333 | 4% |
| Childrens House | 231,521 | 27% | 299,425 | 30% |
| Columbia Market | 212,678 | 33% | 233,046 | 34% |
| Harry Roberts | 2,756 | 0% | -53,606 | -9% |
| Old Church | -392,754 | -31% | -512,207 | -50% |
| Rachel Keeling | 526,704 | 65% | 430,868 | 64% |
|  |  |  |  |  |
| Arnhem Wharf | 1,125 | 0% | 73,080 | 1% |
| Bangabandhu | 41,314 | 1% | 53,666 | 2% |
| Ben Jonson | 88,291 | 2% | 22,429 | 0% |
| Bigland Green | 998,981 | 29% | 1,071,213 | 29% |
| Blue G F Infant | 525,256 | 21% | 223,214 | 9% |
| Blue G F Junior | 427,062 | 17% | 208,670 | 8% |
| Bonner | 0 | 0% | -215,691 | -3% |
| Canon Barnett | 106,071 | 6% | 4,319 | 0% |
| Cayley | 927,463 | 23% | 791,060 | 20% |
| Chisenhale | 90,296 | 3% | -61,234 | -2% |
| Christchurch | 289,280 | 19% | 176,170 | 11% |
| Columbia | 294,436 | 9% | 354,811 | 11% |
| Cubitt Town Infants | 257,646 | 10% | 20 | 0% |
| Cubitt Town Junior | 474,443 | 18% | 595,415 | 21% |
| Cyril Jackson | 168,481 | 4% | 247,682 | 15% |
| Elizabeth Selby | 279,997 | 14% | 180,551 | 9% |
| English Martyrs | 56,226 | 4% | 23,425 | 1% |
| Globe | 2,656 | 0% | 180,551 | 5% |
| Hague | 165,583 | 9% | 139,553 | 7% |
| Halley | 218,693 | 12% | 145,138 | 8% |
| Harbinger | 76,820 | 3% | -22,466 | -1% |
| Harry Gosling | 417,818 | 14% | 364,264 | 11% |
| Hermitage | 354,511 | 17% | 199,852 | 8% |
| John Scurr | 410,924 | 14% | 504,002 | 16% |
| Kobi Nazrul | 254,346 | 15% | 113,320 | 7% |
| Lansbury Lawrence | 343,142 | 9% | 255,310 | 7% |
| Lawdale | 185,885 | 10% | 177,632 | 10% |
| Malmesbury | -60,665 | -2% | -53,353 | -1% |
| Manorfield | 623,977 | 12% | 342,491 | 6% |
| Marion Richardson | 246,145 | 7% | 273,285 | 8% |
| Marner | 539,399 | 11% | 587,875 | 11% |
| Mayflower | 439,897 | 15% | 311,875 | 10% |
| Mowlem | 62,093 | 4% | 147,185 | 9% |
| Old Palace | 428,261 | 15% | 452,887 | 15% |
| Olga | 385,159 | 10% | 262,734 | 6% |
| Osmani | 438,312 | 14% | 325,790 | 10% |
| Our Lady & St Joseph | 857,982 | 26% | 689,354 | 20% |
| Seven Mills | 169,873 | 9% | 213,552 | 11% |
| Shapla | -314,528 | -17% | -183,716 | -18% |
| St Agnes | 159,822 | 11% | 156,707 | 10% |
| St Anne & Guardian Angels | 384,024 | 15% | 239,380 | 10% |
| St Edmund | 29,075 | 2% | 90,548 | 5% |
| St Elizabeth | 179,913 | 7% | 130,540 | 5% |
| St Johns | -44,382 | -3% | -117,676 | -9% |
| St Luke's | 45,997 | 1% | 50,913 | 2% |
| St Mary / St Michael | 224,101 | 7% | 330,514 | 11% |
| St Matthias | -35,444 | -3% | 2,319 | 0% |
| St Paul / St Luke | 237,499 | 14% | 193,378 | 13% |
| St Pauls Whitechapel | 77,380 | 5% | 65,994 | 4% |
| St Peters | 183,996 | 11% | 231,474 | 12% |
| St Saviours | 214,982 | 12% | 90,379 | 5% |
| Stepney Greencoat | 188,691 | 14% | 122,117 | 9% |
| Stepney Park | 1,471,588 | 25% | 1,143,387 | 19% |
| Stewart Headlam | 58,366 | 2% | 40,547 | 2% |
| T Buxton primary | 292,747 | 9% | 153,726 | 4% |
| Virginia | 151,109 | 9% | 201,283 | 12% |
| Wellington | 161,506 | 5% | 78,037 | 2% |
| William Davis | -4,341 | -0% | -65,601 | -4% |
| Woolmore | 623,273 | 14% | 640,965 | 13% |
|  |  |  |  |  |
| Bishop Challoner Boys | 1,202,498 | 23% | 1,538,194 | 28% |
| Bishop Challoner Girls | 858,416 | 12% | 1,179,396 | 15% |
| Bow | 270,129 | 2% | 1,275,543 | 10% |
| CFGS | 416,020 | 3% | 431,960 | 3% |
| George Green | 1,332,077 | 11% | 1,202,845 | 10% |
| Langdon Park | 142,146 | 1% | 919,079 | 9% |
| Morpeth | 2,334,014 | 17% | 2,229,032 | 16% |
| Oaklands | 774,969 | 10% | 956,196 | 11% |
| Stepney All Saints | 1,082,672 | 9% | 1,378,685 | 11% |
| Swanlea | 2,653,794 | 23% | 2,778,873 | 23% |
|  |  |  |  |  |
| Beatrice Tate | 1,244,362 | 36% | 815,736 | 23% |
| Bowden House | 588,417 | 19% | 798,206 | 23% |
| Cherry Trees | -201,804 | -19% | -199,122 | -17% |
| LEAP | 298,453 | 6% | 1,261,327 | 21% |
| Phoenix | 2,664,597 | 19% | 3,829,006 | 25% |
| Stephen Hawkings | 424,559 | 11% | 519,981 | 12% |
| **TOTAL** | **32,634,010** |  | **34,291,643** |  |

Key to colour coding

|  |
| --- |
| Schools merged at end of year |
| School conversion to academy in- year |
| Schools closed in-year |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **capital opening balance** | **capital closing balance** |  movement  |
| Alice Model |  43,906  |  36,787  | - 7,119  |
| Childrens House |  7,904  |  13,058  |  5,154  |
| Columbia Market |  50,463  |  51,968  |  1,505  |
| Harry Roberts |  13,029  |  3,475  | - 9,554  |
| Old Church |  7,468  |  4,612  | - 2,857  |
| Rachel Keeling |  13,773  |  -  | - 13,773  |
| Arnhem Wharf Primary School |  1,751  |  1,344  | - 407  |
| Bangabandhu Primary School |  34,296  |  42,485  |  8,190  |
| Ben Jonson Primary School |  -  |  3,578  |  3,578  |
| Bigland Green Primary School |  25,624  |  24,473  | - 1,152  |
| Blue Gate Fields Infants' School |  123,795  |  131,554  |  7,760  |
| Blue Gate Fields Junior School |  6,651  |  14,544  |  7,893  |
| Bonner Primary School |  201,403  |  127,464  | - 73,939  |
| Canon Barnett Primary School |  124,073  |  65,414  | - 58,658  |
| Cayley Primary School |  122,104  |  2,371  | - 119,733  |
| Chisenhale Primary School |  -  |  812  |  812  |
| Columbia Primary School |  35,297  |  38,160  |  2,863  |
| Cubitt Town Infants' School |  11,844  |  -  | - 11,844  |
| Cubitt Town Junior School |  45,428  |  53,410  |  7,983  |
| Cyril Jackson |  29,991  |  32,385  |  2,395  |
| Globe Primary School |  3,030  |  11,174  |  8,144  |
| Hague Primary School |  11,948  |  18,301  |  6,354  |
| Halley Primary School |  25,538  |  31,923  |  6,385  |
| Harbinger Primary School |  4,756  |  12,027  |  7,272  |
| Harry Gosling Primary School |  93,614  |  102,111  |  8,497  |
| Hermitage Primary School |  555  |  273  | - 282  |
| John Scurr Primary School |  5,995  |  14,450  |  8,455  |
| Kobi Nazrul Primary School |  49,755  |  32,823  | - 16,932  |
| Lawdale Junior School |  -  |  6,627  |  6,627  |
| Malmesbury Primary School |  26,720  |  36,341  |  9,621  |
| Marion Richardson Primary School |  -  |  8,861  |  8,861  |
| Marner Primary School |  1,919  |  -  | - 1,919  |
| Mayflower Primary School |  -  |  8,240  |  8,240  |
| Mowlem Primary School |  1,194  |  2,556  |  1,363  |
| Old Palace Primary School |  72,275  |  58,416  | - 13,859  |
| Osmani Primary School |  83,054  |  91,516  |  8,462  |
| Shapla |  27,823  |  33,712  |  5,889  |
| St Anne's and Guardian Angels Catholic  |  19,557  |  0  | - 19,557  |
| Stepney Park Primary School |  63,230  |  10,011  | - 53,219  |
| Stewart Headlam Primary School |  11,698  |  9,581  | - 2,116  |
| Thomas Buxton Primary School |  9,246  |  18,046  |  8,799  |
| Virginia Primary School |  13,738  |  17,346  |  3,608  |
| Wellington Primary School |  20,238  |  12,050  | - 8,188  |
| William Davis Primary School |  20,461  |  16,047  | - 4,414  |
| Woolmore Primary School |  49,807  |  60,026  |  10,219  |
| Bishop Challoner Boys' School |  -  |  55,797  |  55,797  |
| Bishop Challoner Girls' School |  2,335  |  21,418  |  19,083  |
| Bow School |  94,332  |  37,434  | - 56,898  |
| Central Foundation Girls' School |  155,320  |  176,060  |  20,740  |
| Langdon Park Community School |  32,271  |  4,701  | - 27,569  |
| Morpeth School |  205,699  |  123,572  | - 82,127  |
| Oaklands School |  43,622  |  63,122  |  19,500  |
| Beatrice Tate |  99,654  |  91,921  | - 7,733  |
| Bowden House |  100,264  |  59,758  | - 40,507  |
| Cherry Trees |  -  |  4,557  |  4,557  |
| Phoenix |  970,214  |  265,524  | - 704,691  |
| Stephen Hawking |  40  |  748  |  708  |
|  |  |  |  |
|  |  3,218,704  |  2,164,965  | - 1,053,739  |

The 24 schools not listed have a 0 movement between years, these will include:

those schools that do not manage capital funding at school level (voluntary schools),

or

have consistently fully spent available funding each year.