

# SCHOOL BALANCES MARCH 2007

## REPORT BY FINANCE MANAGER, CHILDREN AND YOUNG PEOPLE

HEREFORDSHIRE SCHOOLS FORUM

6 JUNE, 2007

### Schools Affected

All Schools

### Purpose

1. To report on school balances at the end of the financial year 2006/2007.

### Report

2. The Council and Schools Forum have been concerned about the increasing levels of balances within Herefordshire schools
3. Provisional school balances at the end of the financial year 2006/2007 have now been calculated and are compared to the balances at the end of 2005/2006 in the following table.

Revenue	Balances as at March 07 £	Balances as at March 06 £	Difference £	%
Primary	3,157,196	4,422,064	-1,264,868	-28.6
Secondary	1,800,861	2,442,006	-641,145	-26.25
Specials	26,575	217,424	-190,849	-87.8
Total	4,984,632	7,081,494	-2,096,862	-29.6

Capital	Balances as at March 07 £	Balances as at March 06 £	Difference £	%
Primary	1,375,959	790,569	585,390	74.0
Secondary	1,036,364	233,369	802,995	344.1
Specials	244,792	107,593	137,199	127.5
Total	2,656,752	1,131,531	1,525,221	134.8

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Further information on the subject of this report is available from  
Malcolm Green, Finance Manager, Children & Young People on (01432) 260818

<b>Extended Schools</b>	<b>Balances as at March 07 £</b>	<b>Balances as at March 06 £</b>	<b>Difference £</b>	<b>%</b>
Primary	83,914	75,704	8,210	10.8
Secondary	298,843	364,579	-65,736	-18.0
Special	(9,103)	-	-9,103	-
Total	373,655	440,283	-66,628	-15.1
<b>TOTAL</b>	<b>8,015,039</b>	<b>8,653,308</b>	<b>-638,269</b>	<b>-7.4</b>

2. Overall balances have reduced by £638,269 this year equivalent to -7.4% since March 2006. In total, balances have fallen by £948,000 since March 2005.
3. Capital balances have more than doubled to £2.6m, an increase of £1.5m. This is most likely due to schools transferring money to capital to avoid the revenue claw-back rules. Once transferred to capital the money cannot be transferred back to revenue and must be spent on capital items. Schools will be asked to confirm that they have definite plans in place to commit this expenditure. In reality given the pressure on the schools capital programme for the next 3 years, schools will have to rely on devolved spend for the majority of capital spending in their buildings.
4. There has been no claw-back of revenue balances from any school. Riverside Primary is the exception where balances exceed the claw-back limit however a previous agreement exists with the governors for revenue balances to be used to help fund the transition to the new merged school in 2007/08.

## **Recommendation**

5. **That:**
  - (a) **the further reduction in school balances of 7.4% be noted;**
  - (b) **the increase in capital balances be noted;**

**and;**

  - (c) **the further work during 2007/08 to ensure that schools have definitive plans to spend their capital balances within a three year period be endorsed.**