

CENTRAL BEDFORDSHIRE SCHOOLS FORUM

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Academy Schools: Balances on 31 August 2017

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This report relates to a decision that is non-key

Purpose of this report

- 1 To inform schools forum members about the balances held by academy schools on 31 August 2017, the end of the 2016/17 financial year for academies and free schools

RECOMMENDATIONS

Schools Forum is asked to:

1. **Note the report**
2. **Comment on the report**

Issues

- 2 Schools with a projected excessive revenue surplus balance (greater than a percentage determined by the local authority) are required to have an agreed plan of commitments in place with the council for the excessive balance.
- 3 Schools forum has the right to claw back excess balances under the scheme of finance for schools. If this is invoked the clawback is redistributed across all schools including the academy sector.
- 4 There is no such facility available for academy trusts with excessive balances. However, schools forum asked for a report on the balances of academy schools. It is fair that, when discussing possible claw-backs from maintained schools with excessive balances, those of academy schools are known.
- 5 The spreadsheet, appended as attachment 1, shows the academy number and name, then the phase, overall budget, and balance. The next data columns show the total debtors and creditors, and the net balance, which is calculated by adding the debtors to the balance and then subtracting the creditor total. The final column shows the percentage of the budget represented by the next balance.

6 Below, the balances of academy schools by phase, and overall, is summarised from the table in attachment 1. Attachment 2 shows the balances of maintained schools as at 31 March 2018.

ACADEMY LOWER SCHOOLS

7 The seven single academy lower schools have an average net balance of eight per cent, slightly lower than the average balance of maintained lower schools. None has a negative balance, although one has a balance of only one per cent. The highest balance is 22 per cent. Most academy lower schools are part of a multi academy trust (MAT). These schools' trusts all have significant balances – a minimum of 11 per cent and a maximum of 80 per cent.

ACADEMY PRIMARY SCHOOLS

8 The seven single academy primary schools hold, overall, a high level of balance – over 17 per cent. However, two have a relatively low balance – four to five per cent, and one has a negative balance of nine per cent. Four schools hold a large balance, with one having an exceptionally large balance of 35 per cent. One primary academy is in a MAT with a negative balance (minus three per cent) but the other six are in MATs with high levels of balance (between 11 and 28 per cent).

ACADEMY MIDDLE SCHOOLS

9 The 10 single academy middle schools hold, on average, a very high level of net balances – over 27 per cent of the total budget. The lowest net balance is two per cent and the highest balance is more than the annual budget. Two schools have a low balance – five per cent or less; and one eight per cent – a prudent balance. The rest have high or very high balances – three between 13 and 16 per cent; one with 21 per cent; one with 40 per cent; and one with a balance in excess of its annual budget.

ACADEMY SECONDARY SCHOOLS

10 There are two single academy trusts, with an average balance of almost 14 per cent. Both have a relatively high balance. The four academy secondary schools in MATs are all in trusts with between 11 and 21 per cent balances.

ACADEMY UPPER SCHOOLS

11 Four of the six academy upper schools are single trusts. One has a negative balance (minus five per cent); two have a high level of balance (around 20 per cent) and one a very high balance (45 per cent). The two in MATs are in trusts that have 11 and 161 per cent balances.

SPECIAL ACADEMY SCHOOLS

12 One academy special school has a large balance – 53 per cent of its budget; the other a very small deficit, actually zero per cent when rounded.

ALTERNATIVE PROVISION

13 The single AP academy has a relatively large balance of 18 per cent.

MULTI ACADEMY TRUSTS

- 14 There are 12 MATs with Central Bedfordshire academies in their trusts. The table in attachment 1 shows that overall the trusts held over 30 per cent of their annual budgets in balances on 31 August 2017. There is only one trust with a negative balance. One has an eight per cent balance, with the other 10 all having over 10 per cent balances. Of these, six have between 19 and 31 per cent net balances, one 80 per cent and one 161 per cent.

OVERALL ACADEMY BALANCES

- 15 The mean average balance held by lower, primary, middle, secondary and upper single academy trusts is almost 20 per cent. Special schools (including the ACB) hold 30 per cent, and academy schools overall 28 per cent.

Council priorities

- 16 The report focuses on academy schools, which are independent of the council, but which educate Central Bedfordshire resident children. Working with an assisting academy schools to improve will have a significant effect on the progress, attainment and life chances of children in our area.

Corporate implications

- 17 The corporate implication is education standards: the council still has a legal duty to promote high standards in schools through section 13a of the Education Act, 1996. This section of the act has never been repealed, irrespective of subsequent legislation concerning the establishment and running of academy schools, which are independent of local authorities.

Legal implications

- 18 Academy schools are legally separate from the local authority. They are funded directly by the Education and Skills Funding Agency (ESFA), and the only statutory right of entry to an academy school by a local authority officer is where there is a safeguarding issue.

Financial and risk implications

- 19 There are no financial implications for the council. Any balances of single or multi-trust academies that are defined as 'excessive' cannot be subject to the same process as is the case with maintained schools, which can be taken back and redistributed into the schools block for redistribution the following year.

Equalities implications

- 20 Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. There is an implication for pupils who are disadvantaged, as it can be argued that funds available to meet their needs are not being expended for their benefit whilst they are pupils at an academy school.

Conclusions and next steps

21 It is recommended that school forum receives an annual report on the balances of academy schools – this informs schools forum members with a context against which the balances of maintained schools can be examined. It should be possible to provide a report to schools forum meetings in May or June given the six month deadline for filing accounts to Companies House.

Appendices

Appendix 1 academy schools in Central Bedfordshire: net balances as at 31.8.2017

Appendix 2 maintained schools in Central Bedfordshire: net balances as at 31.3.2018

Background papers

None

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