



Northern Ireland Audit Office

MEDIA RELEASE

The Financial Health of Schools

The Comptroller and Auditor General, Mr Kieran Donnelly, today published his report to the Northern Ireland Assembly on the financial health of schools. The report examines the extent to which schools have been able to manage within their delegated budget for the period 2012-13 to 2016-17 and whether schools' surpluses or deficits are within the limits set by the Education Authority. The report also considers the actions and initiatives being taken by the Department of Education and the Education Authority to address the financial issues currently facing schools.

Commenting on the report, Mr. Donnelly said: "This report indicates an environment where there is pressure on school budgets, increasing pupil numbers and schools with sustainability issues. Therefore, it is clear the system is coming close to a tipping point and action needs to be taken as a matter of urgency"

Key Findings

- The cash amount allocated to schools under the Common Funding Scheme increased between 2012-13 and 2016-17. However, in real terms, that is taking inflation into account, there was a 9.3 per cent reduction in the General Schools Budget during this period.
- Between 2013 and 2017 the number of Controlled and Maintained schools in Northern Ireland with a surplus fell from 856 to 711 whilst the number with a deficit increased from 197 to 315.
- The Education Authority requires that Controlled and Maintained schools aim to contain expenditure within their allocated budget. Such schools should not accumulate surpluses in excess of five per cent of their delegated budget or £75,000, whichever is the lesser, unless they are being accumulated for specific purposes. Permission for schools to overspend, that is incur a deficit, is also subject to an upper limit of five per cent of a school's budget share or £75,000, whichever is the lesser.
- Almost 46 per cent of Controlled and Maintained schools in Northern Ireland had accumulated surpluses in excess of the Education Authority's prescribed thresholds at 31 March 2017.
- The largest surplus at 31 March 2017 of circa £1.0 million was at a post primary school. The largest surplus at a primary school was circa £0.5 million at 31 March 2017.
- Sixteen per cent of Controlled and Maintained schools in Northern Ireland had accumulated deficits in excess of the Education Authority's prescribed thresholds at 31 March 2017.

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- Seven post-primary schools had a deficit in excess of £1 million at 31 March 2017. Only one school of the seven had more than 500 pupils, which is the minimum post-primary enrolment threshold in the Department's Policy for Sustainable Schools as recommended by the Bain Review.
- The largest deficit at a post-primary school was circa £1.6 million. The largest deficit at a primary school was circa £0.4 million at 31 March 2017.
- Although the Education Authority's expectation is that surpluses should be utilised within three years and deficits cleared or substantially reduced within the same period, this was not the case. Analysis showed that 288 schools had a surplus in excess of the prescribed threshold every year between 2012-13 and 2016-17 and that 34 schools had a deficit in excess of the prescribed threshold every year during the same period.
- Legislation empowers the Education Authority to suspend the right to a delegated budget if it appears that a school's Board of Governors has been guilty of a substantial or persistent failure to comply with any requirement or conditions applicable under the Common Funding Scheme, or is not managing the resources put at its disposal in a satisfactory manner. Although a significant number of Controlled and Maintained schools have carried a deficit balance for more than three years, in breach of the Education Authority's guidance, delegation has not been removed from any school to date.
- A report produced in 2015 by the Northern Ireland Audit Office and a subsequent report by the Public Accounts Committee in 2016 on the sustainability of schools included a number of recommendations aimed at addressing unsustainable schools. Many of these recommendations are still being progressed by the Department.
- Figures provided by the Department show that in 2016-17 32 per cent of primary schools had fewer than 105 pupils, while 42 per cent of post-primary schools had fewer than 500 pupils.

Reflecting on the findings within the report, Mr. Donnelly said "The Department of Education and the Education Authority need to undertake a fundamental review of how schools are funded as well as ensuring the implementation of recommendations made by the Public Accounts Committee in its report on the Sustainability of Schools."

Mr. Donnelly added "The Department of Education and the Education Authority also need to ensure appropriate and effective interventions are developed and applied to reduce the risk of mismanagement of delegated budgets as well as ensuring mechanisms are in place to strengthen financial management in schools."

Notes for Editors

The Comptroller and Auditor General is Head of the Northern Ireland Audit Office. He and the NIAO are totally independent of the Government. He certifies the accounts of government departments and a range of other public sector bodies. He has statutory authority to report to the Northern Ireland Assembly on the economy, efficiency and effectiveness with which departments and public bodies use their resources. His reports are published as Assembly papers.



The Financial Health of Schools report is available on the NIAO website at www.niauditoffice.gov.uk. The report is embargoed until 0.01hrs on 16th October 2018.

Background briefing can be obtained by contacting Colette Kane (028 9025 1064) or Andrew Allen (028 9025 1019).