

Review of Maintained School Balances 2020-21

12th October 2021

1. Purpose of report

- 1.1 To provide a summary of balances held by maintained schools at 31st March 2021 as reported to the Department for Education (DfE) under consistent financial reporting regulations.

2. Recommendations

- 2.1 To note the contents of the report.

3. Background

- 3.1 Consistent financial reporting regulations require local authorities to submit details of all income and expenditure incurred by its maintained schools during the financial year and to confirm the level of committed and un-committed surplus balances held by each school at 31 March each year.
- 3.2 The outturn data submitted for maintained schools as at the end of 2020/21 is detailed for each sector in the table below.

4. School Balances 2020/21

- 4.1 As at 31 March 2021 Walsall maintained schools reported surplus revenue uncommitted balances totalling £7.444m, after £3.538m of prior year commitments and after a further £2.604m requested to be committed, largely to Properly Assigned Sum projects.
- 4.2 Capital balances reported for maintained schools totalled a further £1.464m.
- 4.3 In addition surplus balances totalling £0.234m held by schools in respect of Community Facilities provision, i.e. extended schools activities, were also reported.

| Sector | Uncommitted Surplus Balances | Surplus as % of Income to Schools | Capital Balances | Community Facility Balances |
|--------------|------------------------------|-----------------------------------|-------------------|-----------------------------|
| Primary | £7,300,210 | 5.74% | £1,186,601 | £149,157 |
| Secondary | £711,867 | 4.46% | | |
| Special | (£804,414) | (4.99%) | £114,236 | |
| PRU | (£282,472) | (12.38%) | £56,132 | |
| Nursery | £519,011 | 8.49% | £107,365 | £84,446 |
| Total | £7,444.201 | | £1,464.334 | £233,603 |

- 4.4 A number of schools reported year-end deficits totalling (£1.811m) overall. Deficits were reported by 1 special school and 1 Pupil Referral Unit.

- 4.5 The Local Authority is working with those schools, both of whom have approved licensed deficit recovery plans in place and are implementing actions to move back to a balanced budget in line with those approved plans. Monitoring on the approved deficit recovery plans takes place on at least a termly basis.

5. Financial implications/Value for Money

- 5.1 Following the implementation of the balance control mechanism in 2012 the total level of uncommitted balances across all maintained schools has seen an ongoing downward trajectory – from £8.196m at the end of 2013/14, to £5.83m at the end of 2019/20.
- 5.2 The uncommitted balances have increased as at the end of 2020/21 to £7.44m, which is out of line with the previous trend, however it is likely that this is a short term change as a result of the impact of Covid-19 with many schools seeing changes in costs across the year against those originally planned and budgeted for.
- 5.3 Schools will also be aware that there is ongoing uncertainty around the longer term impacts of the continued move toward the National Funding Formula, so again for both these reasons we would expect the current level of balances to reduce going forward, and do not expect that there is a need to review the authorities current balance control mechanism at this point.

6. Legal Implications

- 6.1 Balances held by maintained schools as at 31 March each year are reported to the DfE under the consistent financial reporting regulations.

7. School Improvement

- 7.1 DfE's intention is that schools should avoid building up excessive balances, and should instead utilise the funding they receive for the benefit of pupils that are currently attending the school. However they also recognise the fact that reserves allow schools to plan for wider developments or respond to unforeseen cost pressures, and as such some level of reserves will normally be required.

8. Members eligible to vote

- 8.1 The report is for information only and no vote is required.