

**Schools Forum**

**17 October 2023**

**Review of Maintained School Balances 2022-23**

**1. Purpose of report**

- 1.1 To provide a summary of balances held by maintained schools at 31st March 2023 as reported to the Department for Education (DfE) under consistent financial reporting regulations.

**2. Recommendations**

- 2.1 That Schools Forum 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.

**4. School Balances 2022/23**

- 4.1 As at 31 March 2023 Walsall maintained schools reported surplus revenue balances totalling £11.896m of which £8.199m was uncommitted at year end with a further £3.697m reported as committed, largely due to prior year commitments and approved Properly Assigned Sum projects.
- 4.2 Capital balances reported for maintained schools totalled a further £2.117m.
- 4.3 In addition, surplus balances totalling £0.344m were held by schools in respect of Community Facilities provision, i.e. extended school activities, were also reported.
- 4.4 A summary of these balances are shown in the following table:

<b>Sector</b>	<b>Total Surplus Balances</b>	<b>Uncommitted Surplus Balances</b>	<b>Surplus as % of Income to Schools</b>	<b>Capital Balances</b>	<b>Community Facility Balances</b>
Primary	£8,473,793	£5,697,940	4.35%	£1,679,450	£257,463
Secondary	£970,094	£970,094	5.23%	£0	£0
Special	£1,799,571	£1,361,234	6.16%	£173,535	£0
PRU	(£149,837)	(£360,350)	(13.09%)	£97,168	£0
Nursery	£802,859	£260,412	3.52%	£166,644	£86,063
<b>Total</b>	<b>£11,896,480</b>	<b>£8,199,330</b>	<b>4.36%</b>	<b>£2,116,797</b>	<b>£343,526</b>

4.4 A number of schools reported year-end deficits totalling (£0.547m) overall. Deficits were reported by 5 Primary schools and 1 Pupil Referral Unit.

4.5 The Council is working with these schools, and one of them has now moved back to a balanced budget position for 2023/24 onwards, and one is subject to a licenced deficit process with updated recovery plans being put in place to implement actions to move back to a balanced budget. Monitoring of that updated recovery plan will then take 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 remains within the balance control mechanism of 8%, with surplus uncommitted balances for all schools at the end of 2022/23 equating to 4.36% of the total income.

5.3 Uncommitted revenue balances have reduced overall from £8.904m in 2021/22 to £8.199m in 2022/23.

5.4 Devolved Formula Capital (DFC) balances have increased from £1.336m in 2021/22 to £2.117m in 2022/23.

5.5 Schools will also be aware that there is ongoing uncertainty around the longer-term impacts of the continued move toward the National Funding Formula, and therefore the Council would expect the current level of balances to continue to reduce going forward, and do not therefore recommend that there is a need to review the Councils 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.