

Schools Forum

18 October 2022

Review of Maintained School Balances 2021-22

1. Purpose of report

1.1 To provide a summary of balances held by maintained schools at 31st March 2022 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 2021/22

4.1 As at 31 March 2022 Walsall maintained schools reported surplus revenue uncommitted balances totalling £6.912m, after £3.424m of prior year commitments and after a further £1.904m requested to be committed, largely due to Properly Assigned Sum projects.

4.2 Capital balances reported for maintained schools totalled a further £1.281m.

4.3 In addition surplus balances totalling £0.148m were held by schools in respect of Community Facilities provision, i.e. extended schools activities, were also reported.

4.4 A summary of these balances are shown in the following table:

Sector	Uncommitted Surplus Balances	Surplus as % of Income to Schools	Capital Balances	Community Facility Balances
Primary	£7,087,360	6.40%	£1,019,189	£122,805
Secondary	£248,334	3.75%	£0	£0
Special	(£402,954)	(3.93%)	£85,822	£0
PRU	(£440,867)	(19.09%)	£42,606	£0
Nursery	£419,785	9.30%	£133,121	£25,674
Total	£6,911,657		£1,280,738	£148,479

4.4 A number of schools reported year-end deficits totalling (£1.903m) overall. Deficits were reported by 1 Special school 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 the other 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 had seen an ongoing downward trajectory – from £8.196m at the end of 2013/14, to £5.833m at the end of 2019/20 financial year. Balances had increased as at the end of 2020/21 to £7.444m, which was out of line with the prior year's trends and it was likely that this was as a result of a short term change linked to the impact of Covid-19 with many schools seeing changes in costs across that year against those originally planned and budgeted for.

5.3 In 2021/22 the uncommitted balances have returned to the downward trajectory that had been seen across all maintained schools with balances reducing from £7.444m to £6.912m between the end of 2020/21 and 2021/22.

5.4 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 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.