



## CABINET

22<sup>nd</sup> DECEMBER 2004

**AGENDA  
ITEM:**

### **SCHOOL OUTTURNS 2003/4**

**Ward(s):** ALL

**Forward Plan:** Yes

**Portfolio:** Cllr Eddie Hughes

**Service Area:** Children's Services

#### **Summary of report:**

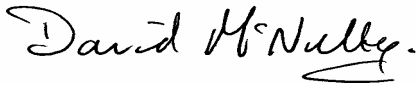
The report provides details of the balances and deficits in Walsall schools' budgets at the end of the financial year 2003/4. In addition the report provides a comparison with those held in the previous year and details of action being taken by both schools and Education Walsall to improve deficits and reduce excessively high surpluses. This report demonstrates that the balances held by schools in Walsall have reduced by £0.5m in total between the end of 2002/03 and the end of 2003/04.

#### **Background Papers:**

Section 52 Outturn Report 2003/4 as submitted to the DfES.

## Recommendations

Cabinet is requested to note the outturns held by individual schools and endorse resulting actions being taken by both schools and Education Walsall.



**Signed:**

**Executive Director: David McNulty**

**Date: 13.12.04**

**Signed:**



**Managing Director, Education Walsall**

**Date: 8.12.04**

**Signed:**



**Portfolio Holder: Councillor E.F. Hughes**

**Date: 13.12,04**

## Resource and Legal Considerations

Under Fair Funding legislation, funds are delegated to schools from the Education Authority for each financial year. The resources are the responsibility of the school to manage. Any under or over utilisation of resources in a given year may result in a deficit or surplus at the year-end. The schools are required to report their end of year figures to the Council annually in a particular format and the legislation then requires that a summary of these figures is reported to Council in a particular format.

## Citizen Impact

Schools should try to ensure that as far as possible, resources received in any given year are used for the purpose of educating children attending the school in that year. The managing of resources by a school is therefore critical in ensuring a deficit or an excessively high surplus does not result at the year-end.

## Environment Impact

Some funding has been utilised to improve school environments, hence improving educational provision.

### **Performance Management and Risk Management Issues**

The ability to manage budgets and thereby prevent excessive surplus or deficits is one of the measures of a school's effectiveness. As a result, this aspect of school management forms part of a head teacher's performance management. There is a need to ensure that best use is made of schools' budgets and to ensure equitable distribution via an agreed formula.

### **Equality Implications**

In the effective management of finance, schools are seeking to ensure equality of opportunity for individual pupils and different groups of learners.

### **Consultation**

Schools, Governors and Schools Forum have been consulted in the production of this report.

### **Contact Officer:**

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## 1. SCHOOL OUTTURNS AT THE END OF 2003/4

- 1.1 The total balance held by schools at the end of 2003/4 is £7.6 million. This compares with £8.1 million at the end of 2002/3. Please note that the reporting method changed between 2002/3 and 2003/4. Both figures now include Standards Fund carry forwards. Over a number of years the level of total outturns held by schools had been increasing gradually in-line with what has been a national trend. The figures for 2003/04, however, show a further reduction of £0.5 million (5.29%) which builds on the reductions achieved in each of the past two years. Audit Commission recommendations would describe a balance exceeding 5% for a Secondary school or 7½% for a primary school as excessive so this overall figure is in line with these guidelines.
- 1.2 Table 1 below provides an analysis of the total of schools outturns across the different phases as at the end of 2003/4 and 2002/3. It also shows the number of schools within each phase with a surplus or deficit; figures in brackets indicate the number of schools with balances in excess of £100,000 (surplus or deficit). Appendix A details the year-end outturn for each individual school.

Table 1: Analysis of Schools Outturns

Phase	Total School Outturns at end 2003/4 £000	Total School Outturns at end 2002/3 £000	No. of schools in Surplus at end of 2003/4	No. of schools in deficit at end of 2003/4
Primary	5,157	5,212	85 (16)	9 (0)
Secondary	2,071	2,440	15 (12)	6 (3)
Special	426	430	6 (1)	1 (0)
TOTAL	7,655	8,082	106 (29)	16 (0)

- 1.3 It can be seen from Table 1 that the total balance for the primary phase has further reduced by almost £50k and the secondary phase by £400k. The change in special school figures is negligible. At the end of 2003/4, 85 primary schools were in surplus and 9 in deficit compared to 86 and 8 respectively for 2002/3.
- 1.4 Three secondary schools in particular have deficits in excess of £100k. One of these, Manor Farm, closed at the end of August 2003 and the other two have had a number of discussions on the issue, have robust deficit recovery plans in place and will continue to receive significant support to ensure that budgets are returned to outturn.

## THE CONTROL OF SURPLUSES AND DEFICITS

- 2.1 Under the School Standards and Framework Act 1998, local education authorities must prepare a Scheme for Financing Schools, and Governing Bodies of all schools with delegated budgets must operate within this framework. The scheme contains guidance and directions to enable schools to execute their delegated financial powers appropriately. In order to maintain proper accountability for and control over

the expenditure of public funds, the scheme contains requirements relating to financial management. The LEA may suspend the delegation of a school's budget if the budget has not been managed satisfactorily or for breach of provisions contained within the scheme.

- 2.2 The Walsall Scheme for Financing Schools is approved annually by the Secretary of State. The financial controls within which delegation works are set out within the scheme and include the treatment of surplus and deficit outturns arising in relation to budget shares.
- 2.3 In the Walsall Scheme for Financing Schools, individual schools are allowed to carry forward from one financial year to the next, any surplus of school budget share over expenditure (plus/minus any outturn brought forward from the previous year). Where the surplus outturn is above a certain level, the Governing Body is required to report to the LEA on the intended use of the outturn. This level has been defined as 5% of the budget share for primary and secondary schools, and in any event outturns above £100,000. This allows the LEA to monitor the level of excessive outturns.
- 2.4 Any unplanned deficits have to be carried forward by a school and become the 'first call' on the following year's budget of the school, except where by mutual agreement it would be unreasonable for the school to recover the whole of the deficit from one financial year. Any agreement reached between the school and the LEA must include a plan stating how the Governors intend to bring their school back to a level financial position. The period for recovery of the deficit must not exceed the end of the second financial year following the year in which the deficit first occurred.
- 2.5 Governing Bodies are not allowed to plan for a deficit budget. It is recognised however, that exceptional circumstances may give rise to a deficit being incurred. The LEA may investigate any deficit and prepare a financial recovery plan. Any such plan should be able to demonstrate that a school can operate within budget in subsequent years.
- 2.6 It should be noted that the outturns reported to the DfES and contained within this report take no account of some of the commitments made by schools but for which works have not been completed by the end of the financial year. For example, a number of schools have building programmes started in the last financial year and completed since the year end. In some cases therefore, schools are reporting surpluses which in reality may be much less.
- 2.7 All schools in deficit have a robust plan for returning to outturn within an appropriate and agreed timescale. In all such cases schools are subject to regular monitoring and significant support to ensure that plans are being delivered effectively.
- 2.8 All schools with a surplus in excess of 5% of the original budget share have been requested to provide details of the reasons for the surplus, along with their intentions for using the surplus. Similarly all schools with surpluses in excess of £100k have been asked to provide further details. The responses from schools are being analysed; for schools where concerns remain further investigation will follow.

### **3. ARRANGEMENTS FOR 2006 AND BEYOND**

The Queen's speech to Parliament indicated an intention to introduce an Education Bill during the current session of Parliament. The Bill is expected to include arrangements for schools' funding to be provided direct from central government through a ring fenced arrangement, with effect from April 2006.

### **4. RISK MANAGEMENT ISSUES**

- 4.1 The effective management of schools requires headteachers and governors to plan for a modest contingency.
- 4.2 The Audit Commission provides advice and guidance on the levels of planned surplus.
- 4.3 The need to ensure that best use is made of Schools' budgets and to ensure equitable distribution via an agreed formula.

### **5. SUMMARY**

- 5.1 Schools have been successful in reducing the total level of surplus outturns. Whilst it is still desirable that the overall surplus reduces further the recent and significant reduction is to be welcomed.

## **Annex A**

Annex A shows the statutory returns made by each school under Consistent Financial Reporting (CFR) requirements. Columns A & B, when taken together, represent each school's total outturn as at 31st March 2004. Column B shows that part of the outturn which was not committed as at 31st March 2004. In some cases this is because schools were intending to use revenue for capital projects. In all cases schools, as required by law, now have clear commitment against outturns.

#	A		B	
	<u>Committed Revenue Balance [B01]</u>	<u>Uncommitted Revenue Balances</u>		
School Name	£	£		
Alumwell Junior School	34,184	0		
Alumwell Infant School	40,543	0		
Blakenall Heath Junior School	114,816	0		
Sunshine Infant and Nursery School	39,443	0		
Busill Jones Primary School	71,243	0		
Butts Primary School	65,961	0		
Delves Infant School	91,319	0		
Edgar Stammers Junior School	48,168	0		
Edgar Stammers Infant School	91,801	0		
Elmore Green Primary School	101,803	0		
Green Rock Primary School	33,171	0		
Leamore Primary School	49,021	0		
Palfrey Junior School	100,934	0		
Palfrey Infant School	164,737	0		
Whitehall Junior Community School	74,650	0		
Whitehall Nursery and Infant School	75,865	0		
Bentley Drive Junior Mixed and Infant School	51,306	0		
Beechdale Primary School	50,848	0		
Abbey Primary School	(21,523)	0		
Lower Farm Primary School	247,402	0		
Delves Junior School	165,512	0		
Dorothy Purcell Junior School	166,082	0		
Croft Community Primary School	73,101	0		
Bentley West Primary School Additionally Resourced for Hearing Impaired	40,138	0		
King Charles Primary School	6,622	0		
Pinfold Street Junior Mixed and Infant School	42,940	0		
Rough Hay Primary School	46,055	0		
Salisbury Primary School	(28,057)	0		
Kings Hill Primary School	(13,385)	0		
Moxley Nursery and Infant School	35,459	0		
Albion Road Junior School	18,666	0		
Clothier Street Primary School	(10,713)	0		
Elm Street Infant School	125,210	0		
Little London Junior Mixed and Infant School	18,386	0		
New Invention Infant School	108,376	0		
Short Heath Junior School	45,549	0		
County Bridge Primary School	22,368	0		
Woodlands Primary School	69,087	0		
Pool Hayes Primary School	45,665	0		
New Invention Junior School	105,281	0		
Caldmore Community Primary School	93,010	0		
Allens Rough Primary School	0	0		
Rushall Junior Mixed and Infant School	20,505	0		
Whetstone Field Primary School	89,290	0		
Walsall Wood School	31,182	0		
Watling Street Junior Mixed and Infant School	68,991	0		
Millfield Primary School	22,804	0		
Castlefort Junior Mixed and Infant School	61,761	0		

	A		B	
	<u>Committed Revenue Balance [B01]</u>	<u>Uncommitted Revenue Balances</u>		
School Name	£	£		
Ryders Hayes Community School	75,303	0		
Brownhills West Primary School	48,172	0		
The Radleys Primary School	23,198	0		
Lakeside Primary School	69,902	0		
Redhouse Junior Mixed and Infant School	758	0		
Blackwood School	202,613	0		
Lindens Primary School	31,343	0		
Hatherton Lane Primary School	103,280	0		
Pelsall Village School	(17,057)	0		
Lodge Farm Junior Mixed and Infant School	(21,486)	0		
Greenfield Primary School	33,252	0		
Meadow View JMI School	(44,291)	0		
Harden Primary School	(38,539)	0		
Mossley Primary School	30,789	0		
North Walsall Primary School	40,446	0		
Leighswood School	106,388	0		
Hillary Primary School	27,072	0		
Beacon Primary School	50,842	0		
St James Primary School	499	0		
Cooper and Jordan Church of England Primary School	156,430	0		
Chuckery Primary School	49,769	0		
Christ Church CofE Primary School	11,050	0		
Bloxwich CofE Primary School	14,438	0		
Little Bloxwich CofE VC Primary School	18,609	0		
Holy Trinity Church of England Primary School	63,148	0		
Old Church Church of England C Primary School	24,108	0		
Rosedale Church of England C Infant School	53,088	0		
St Giles Church of England Primary School	34,749	0		
St Michael's Church of England C Primary School	94,633	0		
St John's Church of England Primary School	90,238	0		
Birchills Church of England Primary Community School	35,371	0		
Blue Coat Church of England Aided Junior School	125,930	0		
Blue Coat Church of England Aided Infant School	68,838	0		
St Mary's The Mount Catholic Primary School	44,258	0		
St Patrick's Catholic Primary School, Walsall	43,383	0		
St Peter's Catholic Primary School, Bloxwich	28,529	0		
St Joseph's Catholic Primary School, Darlaston	15,315	0		
St Thomas of Canterbury Catholic Primary School	21,750	0		
St Francis Catholic Primary School	278	0		
St Mary of The Angels Catholic Primary School	13,506	0		
St Anne's Catholic Primary School, Streetly	63,978	0		
St Bernadette's Catholic Primary School	15,858	0		
Park Hall Infant School	32,500	7,724		
Park Hall Junior School	32,200	6,763		
Manor Primary School	34,897	119,039		
Pheasey Park Farm Primary School	55,000	63,692		

**Total Primary Schools (15)**

**4,959,914**

**197,218**



School Name	<b>A</b>	<b>B</b>
	<u>Committed Revenue Balance [B01]</u> £	<u>Uncommitt ed Revenue Balances</u> £
<b>SECONDARY SCHOOLS</b>		
Joseph Leckie Community Technology College	133,180	0
Rushall Community College	27,728	0
T P Riley Community School	213,401	0
Frank F Harrison Community School	(44,867)	0
Alumwell Business & Enterprise College	152,139	0
Sheffield Sports and Community College	38,791	0
Brownhills Community Technology College	328,409	0
Darlaston Community Science College	(170,997)	0
Willenhall School Sports College	(200,793)	0
Pool Hayes Community School	36,717	0
Sneyd Community School	165,052	0
Manor Farm Community School	(327,865)	0
Blue Coat Church of England Comprehensive School A Performing Arts Specialist College	168,361	0
St Francis of Assisi Catholic Technology College	177,456	0
The Streetly School	409,280	0
St Thomas More Catholic School, Willenhall	126,432	0
Shire Oak School (a Science college)	175,572	0
Queen Mary's High School	(29,724)	0
Queen Mary's Grammar School	(7,363)	0
Aldridge School	41,695	286,094
Barr Beacon Language College	373,151	0
<b>Total Secondary Schools (16)</b>	<b>1,785,754</b>	<b>286,094</b>

Total Primary Schools (15)	4,959,914	197,218
Total Secondary Schools (16)	1,785,754	286,094
Total Special (17)	426,198	0

<b>TOTALS FOR ALL SCHOOLS (18)</b>	<b>7,171,866</b>	<b>483,312</b>
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Total Schools Outturn 2003/2004	<b>7,655,178</b>
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School Name	<b>A</b>	<b>B</b>
	<u>Committed Revenue Balance [B01]</u> £	<u>Uncommitted Revenue Balances</u> £
<b>SPECIAL SCHOOLS</b>		
Castle School	56,333	0
Three Crowns School	95,189	0
Jane Lane School	105,430	0
Mary Elliot School	90,100	0
Daw End School	(28,318)	0
Old Hall School	75,806	0
Oakwood School	31,660	0

<b>Total Special (17)</b>	<b>426,198</b>	<b>0</b>
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