



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 28th February 2012

Subject: DfE School Balances Benchmarking Data 2008-2011

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Purpose of the report: To share with members of the Schools Forum the analysis of balances data published by DfE January 2102.

Recommendation: The Schools Forum to note the contents of the report.

1. introduction

1.1 The DfE published its schools balances benchmarking data 25th January 2012, which can be viewed at <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schools/revenuefunding/section251/a0068022/school-balances> . This report summarises the data for Walsall at both local authority and school sector levels.

2. Comparative Data – Local Authority level

2.1 There are two appendices attached to the report. Appendix 1 analyses total school balances at local authority level for the 2008-09, 2009-10 and 2010-2011 financial years.

2.2 The data in Appendix 1 indicates that good progress has been made in the overall management of resources by Walsall schools.

- The total balances % has reduced from 6.7% in 2008-09, when it was 0.7% higher than the West Midlands average to 6.3% which is the West Midlands average.
- The number of schools in excess of the government's recommended retention percentages has reduced from 58 to 44. It should be noted that all schools with "surplus" balances are accountable for the effective use of these resources through the Properly Assigned Sum mechanism within Walsall's Balance Control Mechanism (BCM).
- Uncommitted balances have reduced from £7.84m in 2008-09 to £6.04m in 2010-11, which means that balances are being used to sustain education services across the borough.
- The reduction in uncommitted balances is partly offset by a £0.9m increase in committed balances from £5.8m to £6.7m in 2010-11. This increase was predominantly within the secondary sector and may be attributed to schools earmarking balances for projects that would support Academy conversion, plus the settlement of Equal Pay claims.
- The Schools Forum elected to maintain a BCM, even though the Coalition Government has removed this statutory requirement from a local authority's school funding arrangements. All committed sums in excess of the approved BCM percentages held by Walsall maintained schools have been approved through the Properly Assigned Sums process.

3. Comparative Data – School Sector Level

3.1 The sector level analysis of the school balances data highlights that the balances trends are different across the school sectors.

3.2 All schools are unique and face a different set of challenges. Balances will go up and down in individual schools to reflect their current circumstances. Therefore these comments at sector level will not reflect the situation in an individual school.

3.3 Nursery schools – There have been a number of financial challenges for nursery schools during the 2008-09 to 2010-11 period.

- The implementation of the Early Years Single Funding Formula which funds the actual hours of take up per term, has had a negative financial impact for those nursery schools who are not full at the start of the Autumn Term.
- The settlement of Equal Pay claims and the introduction of new pay and grading under Single Status has impacted significantly on Nursery schools. As these schools are relatively small educational establishments, significant financial changes which cannot be avoided are difficult to manage as there is very little flexibility in the schools budgets.
- The amount of year end balances in this sector reduced from £ 435k to £318k between 2008-09 and 2010-11. The schools have been prudent during this period, in order to plan for the financial challenges that they faced.

3.4 Primary schools - overall the primary sector has reduced the total level of balances retained during the three year period 2008-2011.

- There has been a three year downward trend in primary school balances in both cash and percentage terms, that is £7.7m to £6.7m or a reduction from 7.7% to 6.1%.
- This reduction includes a significant change in the level of uncommitted balances from £4.3m to £2.6m. This indicates that primary schools are reducing their balances to sustain their education services, and meet additional employment costs such as Equal Pay liabilities.

3.5 Secondary schools – overall the secondary sector has increased the amount of accumulated balances held over the 2008 -2011 three year period.

- Secondary school balances increased from £3.9m in 2008 to £5.7m in 2011. The main increase occurred between March 2010 and March 2011 when there was a £3.2m increase from £2.5m to £5.7m. Approximately £700k of the increase is due to the closure of Sneyd Community School, leaving a £2.5m across the remaining secondary schools.
- The Coalition Government announced its Academy programme in the summer of 2010 and since then 8 Walsall secondary schools have become Academy schools and a further three more schools are currently considering Academy status.

- The general underlying reasons for the significant increase in secondary school balances are associated with Academy preparations and Equal Pay and potential Single Status pay liabilities.
- The majority of secondary schools are now Academies and will be excluded from local authority balances data and BCM in the future.

3.6 **Special Schools** – overall there has been a three year downward trend in special school balances.

- There has been a significant reduction in special school balances from 20.8% to 7.9%, or £2.3m to £1m.
- Special schools by their nature are labour intensive establishments, with a high proportion of non-teaching staff. As such these schools, again which are relatively small establishments, have been effected by both Equal Pay and Single Status, which will be the main cause for the reduction in balances.
- There was a review of the special schools formula which was introduced on 1 April 2011, this may also have reduced the balances of schools which had reduced funding as result of the exercise.
- Building projects funded through revenue budgets were also completed during this three year period.

4. Recommendations

4.1 The Schools Forum is recommended to note the contents of this report which highlights that there is sound financial stewardship across Walsall schools.

	2008-09			2009-10			2010-11		
	Walsall	West Mids	England	Walsall	West Mids	England	Walsall	West Mids	England
Committed Balances	£5,870,714			£5,154,978			£6,697,150		
Uncommitted Balances	£7,847,022			£4,914,785			£6,042,115		
Sub-total schools activity	£13,717,736			£10,069,763			£12,739,265		
Community School Balances	£948,718			£991,075			£1,314,714		
Total revenue Balances	£14,666,454			£11,060,838			£14,053,979		
Average balance per school	£123,248	£96,864	£80,859	£94,537	£98,768	£76,663	£120,119	£108,666	£90,669
Total balances as % of revenue income	6.7%	6.0%	5.1%	5.2%	5.9%	4.7%	6.3%	6.3%	5.4%
Number of schools over 5% or 8% surplus	58			47			44		
% of schools over 5% or 8% surplus	48.7%	41.9%	32.7%	40.2%	39.2%	27.7%	37.6%	41.0%	33.2%
Average excess balance per school	£87,700	£73,841	£68,811	£58,856	£73,882	£67,681	£86,654	£84,240	£69,554
Number of schools in deficit	5			9			2		
% of schools in deficit	4.2%	9.2%	8.4%	7.7%	8.1%	9.1%	1.7%	7.0%	7.0%

