

Schools Forum 17 May 2012

School Balances as at 31 March 2012

This report is relevant only to maintained schools

Recommendation

The School Forum are recommended to:

1. To note the expected level of school balances as at 31 March 2012
2. To nominate four members of the Forum, as outlined in the report, to be on a panel to review individual schools who may be subject to claw back.
3. To receive a further report, after consultation documents have been issued by the Department for Education (DfE), to agree any changes to the Warwickshire Balances Control Mechanism Policy

1.0 Introduction

1.1 Part of the role of the Schools Forum is to understand the level of school balances and to recommend an approach taken on the control of these balances.

1.2 This report updates the Forum on the indicative level of schools balances as at the end of March 2012 and for comments on the continued enforcement of the Balances Control Mechanism Policy.

2.0 Key Issues

2.1 Whilst the schools accounts for 2011/12 are still subject to final checks, the current reserves left in school balances stands at £20.131m.

2.2 At the end of 2010/11, the reserves stood at £22.589m, which was a significant increase from the previous year where the balances were £14.420m. Whilst the current balances indicate a reduction in the position of this time last year, it should be noted that of the £22.589m in March 2011, £3.849m related to schools that have since converted to academies are whose balances are therefore no longer included in the Warwickshire schools balances.

2.3 In effect, this means that the balances of the maintained schools in Warwickshire have increased by £1.382m.

2.4 The table overleaf illustrates the changes

	2010/11	2011/12	Variance
	£'000	£'000	£'000
Nursery Schools	410	331	(79)
Primary Schools	11,393	13,513	2,120
Secondary Schools (exc those converted to academy status in 2011/12)	5,474	5,121	(353)
Special Schools	1,472	1,166	(306)
TOTAL	18,749	20,131	1,382

2.5 The detail behind this position is still to be reviewed as part of the claw back process. However, feedback from schools to the Schools Funding and Strategy Team has been that the additional funding to assist in capital schemes, agreed by the Forum last year as part of the redistribution of DSG reserves, has not all been spent. Some capital projects relating to this expenditure have been delayed due to them being more complicated and time consuming to complete.

2.6 An extract from the Scheme for the Financing of Schools; SECTION 48 of the School Standards and Framework Act 1998 April 2012 is attached at Appendix A which details the Balances Control Mechanism applies in Warwickshire.

2.7 The government White Paper "The Importance of Teaching", issued in December 2011 refers to the government's views on claw back.

2.8 The White Paper states that:

"There will continue to be some circumstances where claw back is appropriate – for example where a school has built up an excessive balance or where some level of redistribution would support improved provision across a local area. However, consistent with a view that all schools should be moving to greater autonomy, we will remove the requirement for local authorities to have a claw back mechanism from 2011/12 and review guidance on claw back arrangements, including on the level of balances deemed to be excessive, and we will consult on making changes to the current arrangements from 2012/13."

2.9 To date this consultation process has not taken place and whilst we have requested further information from the DfE regarding their definition of "excessive" balances, there is no clear steer as yet.

2.10 At the Schools Forum last May when DSG balances were discussed, the Schools Forum made it clear that the current policy was to be retained for any balances held at the end of March and as such, the section on the Balances Control Mechanism within the revised Scheme for Financing Schools remained unadjusted.

2.11 However, the Schools Forum are requested to comment on the continued application of the current Balances Control Mechanism Policy for balances remaining in schools as at March 2013.

2.12 Bearing in mind the level of balances, especially in relation to the primary sector, there will be a significant amount of work by the Schools Funding and Strategy

Team to review the governor minutes and budget submissions of the schools in excess of their threshold and contact those schools without the required evidence, in line with the approach agreed through the School Forum.

2.13 In the event of a decision being required around the claw back at any given school, a panel of Schools Forum members will assess the schools claims. Volunteers are requested from the Schools Forum if and when a panel is required. In the past, any discussions have been carried out electronically so there is not necessarily a need to meet.

2.14 The panel of volunteers should consist of:

- One primary headteacher
- One secondary headteacher
- Two governors
- One other voting member of the Forum

Background papers

None

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