



Haringey Council

The Children and Young People's Service

Report to Haringey Schools Forum 28th January 2010

**Agenda Item
6**

Report Status

For information/note X
For consultation & views □
For decision □

Report Title: National School Balances

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Purpose:

To inform members of the publication of annual school balances for the financial years 1999-2000 to 2008-09 and to provide comparisons between Haringey Council and the national and London averages.

Recommendations

- I. That members note the publication of the tables.
- II. That the implications of the appendices inform the Forum's response to the forthcoming consultation on changes to the methodology for allocating the Dedicated Schools Grant.

1. Background and Introduction.

- 1.1. An intention behind the introduction of Local Management of Schools (LMS) was to improve governing bodies' long term strategic planning in using the resources delegated to them. The ability to carry forward surpluses and deficits was part of LMS, allowing governing bodies to accumulate surpluses for specific planned uses or, with the permission of the local authority, to overspend in the short term for agreed reasons. It also allows governing bodies to budget for a prudent level of contingency to meet unforeseen expenditure. However, carrying forward surpluses may result in current pupils not benefiting from the resources allocated for them.
- 1.2. The government has become increasingly concerned about the growth in the national level of school surpluses, see Table 1, and believes that a substantial part has arisen through a lack of proper planning. The government has responded by introducing various measures in an attempt to improve planning and to clawback excessive uncommitted balances. They have also published comparative tables of school and local authority balances, most recently that relating to 2008/09 and previous years. The tables can be found at:

<http://www.dcsf.gov.uk/everychildmatters/strategy/financeandfunding/nformationforlocalauthorities/section52/schoolbalances/s52sb/>

Table 1. Growth in National School Surpluses.

Year	National Total	National % of School Income
	£m	%
1999-2000	741	4.5
2000-01	1,086	5.8
2001-02	1,257	6.1
2002-03	1,193	5.0
2003-04	1,324	5.1
2004-05	1,533	5.5
2005-06	1,570	5.3
2006-07	1,670	5.3
2007-08	1,919	5.8
2008-09	1,782	5.2

2. Comparison at Local Authority Level.

- 2.1. Appendix 1 compares Haringey Council's position on key indicators in 1999-2000 and 2008-09 with the averages for London and England and its ranking in those years among the 150 local authorities surveyed.

- 2.2. It is notable that Haringey ranks highly among authorities with schools in deficit and is towards the bottom for schools in surplus and with excessive balances.
- 2.3. Many factors may affect the level of balances held by individual schools; similarly, there may be various reasons why the average percentage of balances in one local authority may differ from another. Nevertheless, the data supports the view that the resources Haringey receives for school funding is relatively low in comparison with the costs faced by its schools.

3. Individual Schools' Balances.

- 3.1. The national tables include school balances as a percentage of school income. Appendix 2 ranks Haringey schools into deciles using this percentage.
- 3.2. It is notable that Haringey schools are not evenly distributed across the deciles, with more represented in the lower deciles (those with a lower percentage of surpluses compared with income). It is also notable that the position is worsening; in 1999-2000, more than a third of Haringey schools were in the top half, whereas, by 2008-09 this had fallen to a little over a quarter.
- 3.3. The caveat must again be made that many factors may influence balances at both a school and local authority level. Nevertheless, and particularly given the large population of schools involved, the level of resources available to schools compared with the costs they face may well be a significant factor.

4. Comparison by London Area Cost Adjustment.

- 4.1. Appendix 3 compares data on 2008-09 balances for London authorities. The authorities have been sorted into six Area Cost Adjustment (ACA) groups:
 - Inner London,
 - Outer London East,
 - Outer London East 'Sandwich' (authorities paying teachers inner London weighting),
 - Outer London West
 - Outer London West 'Sandwich',
 - City of London.
- 4.2. The position in Appendix 3 is much less clear-cut than that shown in the first two appendices. Haringey shares bottom place for its percentage of revenue balances and the average balances of the outer east group are significantly lower than the other groups. However, within the outer east group the 'sandwich' boroughs have higher average balances than the others.

4.3. Again, the caveat is made that many factors can influence balances but this analysis may indicate a wider problem with the outer east ACA weighting than that experienced by the sandwich boroughs.

5. Conclusions.

- 5.1. The national level of school balances is of concern and may influence future decisions on the national allocation of resources for schools. Measures such as the Financial Management Standards in Schools (FMSiS) are in place to improve the strategic planning of school resources and the implementation of 'clawback' provisions in authorities' 'Schemes for Financing Schools' act as a deterrent to unplanned surpluses.
- 5.2. The analysis of the national data has necessarily been brief and the reasons underlying the accumulation of balances at both school and authority level is subject to differing interpretations. Nevertheless, the comparative data appears to support the view that the national allocation of resources for education disadvantage Haringey schools.

6. Recommendations.

- I. That members note the publication of the tables.**
- II. That the implications of the appendices inform the Forum's response to the forthcoming consultation on changes to the methodology for allocating the Dedicated Schools Grant.**

Appendix 1 Comparison of Haringey Council Total School Revenue Balances with the Averages for London and England.

1999/2000 Financial Year								
Area	Average Revenue Balance per School	Total Revenue Balance as % of Total Revenue Income	Percentage of Schools in Deficit	Percentage of Schools in Surplus	Percentage of Schools with Excess Surpluses Note 1	Ranking Percentage of Schools in Deficit	Ranking Percentage of Schools in Surplus	Ranking Percentage of Schools with Excess Surpluses
	£000	%	%	%	%			
Haringey	13	1.5	30.8	69.2	18.7	3	134	115
London	48	4.7	11.9	87.4	33.5			
England	32	4.5	10.7	88.7	33.3			

2008/2009 Financial Year								
Area	Average Revenue Balance per School	Total Revenue Balance as % of Total Revenue Income	Percentage of Schools in Deficit	Percentage of Schools in Surplus	Percentage of Schools with Excess Surpluses Note 1	Ranking: Percentage of Schools in Deficit	Ranking: Percentage of Schools in Surplus	Ranking: Percentage of Schools with Excess Surpluses
	£000	%	%	%	%			
Haringey	83.8	3.4	17.5	82.5	12.5	13	136	142
London	134.3	5.7	9.9	89.7	33.5			
England	80.9	5.2	8.4	91.2	32.7			

Note 1: The definition of excess balances used here ignores any future year commitments agreed by governing bodies)

**Appendix2 Individual School Balances as a Percentage of School Income:
Ranking of Haringey Schools in National Deciles.**

1999-2000			
Decile	Number of Haringey Schools in Decile	Cumulative Number	Expected Cumulative Number (9.1 per Decile)
1	3	3	9
2	7	10	18
3	6	16	27
4	6	22	36
5	9	31	46
6	7	38	55
7	11	49	64
8	7	56	73
9	11	67	82
10	24	91	91

2008-09			
Decile	Number of Haringey Schools in Decile	Cumulative Number	Expected Cumulative Number (8 per Decile)
1	2	2	8
2	1	3	16
3	4	7	24
4	6	13	32
5	8	21	40
6	12	33	48
7	8	41	56
8	8	49	64
9	16	65	72
10	15	80	80

Appendix 3 A Comparison of London Authority Balances by Area Cost Adjustment Weighting.

Local Authority Name	2008-09				
	Total number of schools	Total revenue balance (£)	Total Revenue Income £	Average revenue balance (£ per school)	Total revenue balance as a % of total revenue income
England	22,025	1,781,973,700	34,583,595,473	£80,907	5.2%
London	2,433	326,673,106	5,778,793,428	£134,268	5.7%
Camden	57	6,194,545	141,492,746	£108,676	4.4%
Greenwich	86	14,070,309	213,950,621	£163,608	6.6%
Hackney	67	11,047,373	161,146,589	£164,886	6.9%
Hammersmith and Fulham	52	9,240,671	102,905,704	£177,705	9.0%
Islington	59	5,366,817	140,540,088	£90,963	3.8%
Kensington and Chelsea	36	4,275,891	72,121,150	£118,775	5.9%
Lambeth	82	13,790,370	193,343,430	£168,175	7.1%
Lewisham	87	9,902,903	193,440,484	£113,826	5.1%
Southwark	93	12,777,788	185,072,706	£137,396	6.9%
Tower Hamlets	97	24,169,651	273,963,264	£249,172	8.8%
Wandsworth	77	16,384,058	185,791,522	£212,780	8.8%
Westminster	53	5,060,223	103,675,492	£95,476	4.9%
Inner London	846	132,280,600	1,967,443,795	£156,360	6.7%
Bexley	80	6,487,204	178,567,289	£81,090	3.6%
Bromley	97	9,761,566	215,460,626	£100,635	4.5%
Croydon	122	8,500,586	226,786,277	£69,677	3.7%
Enfield	90	10,057,726	258,605,260	£111,753	3.9%
Havering	86	6,152,872	168,208,565	£71,545	3.7%
Redbridge	73	9,007,722	219,036,516	£123,393	4.1%
Waltham Forest	80	7,925,427	192,264,093	£99,068	4.1%
Outer East	628	57,893,103	1,458,928,625	£92,186	4.0%
Barking and Dagenham	58	6,483,203	159,525,184	£111,779	4.1%
Haringey	80	6,710,462	197,351,560	£83,881	3.4%
Newham	91	13,362,306	280,485,839	£146,839	4.8%
Outer East (Sandwich)	229	26,555,971	637,362,584	£115,965	4.2%
Barnet	114	10,265,482	244,257,176	£90,048	4.2%
Harrow	69	9,854,533	149,351,041	£142,819	6.6%
Hillingdon	88	10,762,797	207,892,234	£122,305	5.2%
Hounslow	78	12,297,476	184,457,416	£157,660	6.7%
Kingston-upon-Thames	48	5,633,592	107,148,292	£117,366	5.3%
Richmond-upon-Thames	52	5,937,461	98,094,988	£114,182	6.1%
Sutton	60	4,991,873	148,780,712	£83,198	3.4%
Outer West	509	59,743,214	1,139,981,859	£117,374	5.2%
Brent	81	18,577,060	242,079,182	£229,346	7.7%
Ealing	87	25,721,070	229,416,139	£295,644	11.2%
Merton	52	5,725,788	101,990,021	£110,111	5.6%
Outer West (Sandwich)	220	50,023,919	573,485,342	£227,381	8.7%
City of London	1	176,300	1,591,223	£176,300	11.1%

