



Schools Forum

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Venue: Shrewsbury
Training and Development
Centre

Paper

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Public

Control on Surplus Balances

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Summary

Shropshire's Scheme for the Financing of Schools includes a balance control mechanism as agreed with Schools Forum.

Local authority maintained schools holding surplus revenue balances above the threshold levels (8% primary and special schools, 5% secondary schools) for the past three consecutive years are subject to the control on balances mechanism.

Any balances clawed back are recycled within the overall Schools Budget for the benefit of Shropshire pupils.

Recommendation

This report is for information only and details the individual school balances subject to the control on balances mechanism at March 2017.

REPORT

1. Individual local authority maintained schools holding surplus revenue balances above the threshold levels for the past three consecutive years were notified in September 2016 that the local authority, in line with Shropshire's Scheme for the Financing of Schools, would claw-back any remaining revenue balance above the threshold level at the end of the financial year 2016-17. This notification followed 'early notification' letters sent to the relevant schools in September 2015.
2. It is recognised by the local authority that there may be some exceptional circumstances that require schools to retain a revenue balance above the prescribed threshold levels. The local authority has taken exceptional circumstances into account where appropriate.

3. A schedule of the schools subject to the claw-back mechanism at the end of the financial year 2016-17 and the allowed exceptional circumstances, where agreed, is detailed in Appendix A to this report.
4. A balance of £9,212 was clawed back from one Shropshire maintained school at the end of the 2016-17 financial year and will be recycled for the benefit of other Shropshire maintained schools.
5. The following table shows the number of schools holding surplus balances above their threshold level for three consecutive years. Claw-back is applied at the end of the following year if the school has not spent the balance or had approval to hold it as an exceptional circumstance.

	March 2013	March 2014	March 2015	March 2016
Primary	2	12	11	21
Secondary	0	0	0	1
Special	1	0	0	0
Total	3	12	11	22
Shropshire Maintained Schools Balances	£4.3m	£5.6m	£4.4m	£7.2m

6. Of the 22 schools holding surplus balances above their control on balances threshold level for three consecutive years as at 31 March 2016, eight primary schools did not reduce their surplus balance to below the threshold level by March 2017 and were therefore subject to claw-back.
7. Seven of the eight primary schools put forward cases for exceptional circumstances which were agreed by the local authority. A brief summary is included in Appendix A.
8. One school did not put forward a case for exceptional circumstances. However an adjustment relating to a late reimbursement of sickness insurance was agreed and an adjusted balance of £9,212 was clawed back. This balance will be recycled for the benefit of all Shropshire maintained schools. This was the sixth consecutive year that the school had held a surplus balance above the 8% threshold level. Exceptional circumstances had been granted on two previous occasions.
9. There are 16 primary schools subject to the claw-back mechanism in 2017-18.