



Schools Forum

Date: 18 June 2015

Time: 8:30 a.m.

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.

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 2015.

REPORT

1. Individual schools holding surplus revenue balances above the threshold levels for the past three consecutive years were notified in September 2014 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 2014-15. This notification followed 'early notification' letters sent in September 2013.
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 2014-15 and the allowed exceptional circumstances where agreed is detailed in attached appendix to this report.
4. No balances were clawed back from schools at the end of 2014-15.
5. The following table shows the number of schools holding surplus balances above their threshold level for 3 consecutive years, over the past 4 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 2011	March 2012	March 2013	March 2014
Primary	17	8	2	12
Secondary	3	3	0	0
Special	1	1	1	0
Total	21	12	3	12
Shropshire Maintained Schools Balances	£6.2m	£5.1m	£4.3m	£5.6m

6. Of the 12 primary schools holding surplus balances above their control on balances threshold level for 3 consecutive years as at 31 March 2014, 5 schools did not reduce their surplus balance to below the threshold level by March 2015 and were therefore subject to claw-back.
7. Each of the 5 primary schools put forward cases for exceptional circumstances which were agreed by the local authority. A brief summary is included in the attached appendix.