



Schools Forum

Date: 9 June 2016

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Venue: Shrewsbury
Training and Development
Centre

Paper

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Public

Control on Surplus Balances

Responsible Officer Gwyneth Evans

e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 253875 Fax: 01743 254538

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 2016.

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 2015 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 2015-16. This notification followed 'early notification' letters sent to the relevant schools in September 2014.
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 2015-16 and the allowed exceptional circumstances, where agreed, is detailed in the appendix attached to this report.
4. No balances were clawed back from schools at the end of the 2015-16 financial year.
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 2012	March 2013	March 2014	March 2015
Primary	8	2	12	11
Secondary	3	0	0	0
Special	1	1	0	0
Total	12	3	12	11
Shropshire Maintained Schools Balances	£5.1m	£4.3m	£5.6m	£4.4m

6. Of the eleven primary schools holding surplus balances above their control on balances threshold level for three consecutive years as at 31 March 2015, five schools did not reduce their surplus balance to below the threshold level by March 2016 and were therefore subject to claw-back.
7. Each of the five primary schools put forward cases for exceptional circumstances which were agreed by the local authority. A brief summary is included in the attached appendix. For three of the five schools this is the second year that they have been allowed an exceptional circumstance. Exceptional circumstances have been agreed for a second time due to delayed building works and a significant fall in numbers on roll affecting funding for 2016-17.
8. There are 22 primary schools and 1 secondary school subject to the claw-back mechanism in 2016-17.