

28 September 2017

**TITLE OF REPORT: Schools Surplus Balances Procedure**

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**Purpose of the Report**

1. To bring to Schools Forum a proposal to discontinue with the Schools Surplus Balance Procedure.

**Background**

2. As part of a rolling work programme, some Schools Procedures have been reviewed. One of these procedures is the Schools Surplus Balance Procedure.
3. In January 2007 Local Authorities (LA's) were directed by the Secretary of State for Education to make certain directed revisions to their Schemes for Financing Schools.
4. Under the directed revisions all local authority schemes were required to include a mechanism to control school surplus balances. These revisions should have come into effect from 1 April 2007, but were only implemented for Gateshead Schools from April 2008.
5. Under the regulations in effect for 2011/12, Schools were permitted to have an "unlicensed" carry forward amount that is equal to or less than 8% for Special and Primary Schools, and 5% for Secondary Schools of the next financial year's School Budget Share.
6. Under the current regulations LA's can review their clawback mechanism as it is no longer mandatory and, as per report to Schools Forum in March 2012, limits were raised. For Primary and Special Schools the new thresholds are 16% or £20,000 and 10% for secondary schools.
7. When the surplus balance mechanism was first introduced surplus balances in Gateshead were approximately £2.3 million (based on 8% and 5%). When surplus balance licences were reported at the meeting of Schools Forum July 2017, the value of current and new surplus balances had a combined total of £0.252 million, which represents approximately 0.2% of 2017/18 funding for all Gateshead maintained schools. It is also anticipated that school balances will continue to fall in future years.

**Proposal**

8. That Schools Forum notes the information in the report and approves the proposal that 2017/18 will be the last year that Schools Surplus Balance Procedure will be in place for Gateshead maintained schools.

9. It is also proposed that Schools Forum notes that an annual report will be brought to Schools Forum on the overall value and movement of maintained school balances for their information.

### **Recommendation**

10. It is recommended that Schools Forum: -

- Approves the cessation of the Schools Surplus Balance Procedure from April 2018
- Notes that an annual report on the overall value and movement of maintained school balances will be brought to Schools Forum for their information.

### **For the following reason(s):**

- To streamline school procedures and to ensure that Schools Forum still has information on the level and movement of maintained schools balances

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**CONTACT: Carole Smith ext. 2747**