

5 July 2018

Item 4**TITLE OF REPORT: Schools Surplus Balances Review of 2016/17 Licences**

Purpose of the Report

To update Schools Forum on the use of Schools Surplus Balances licences granted in 2016/17 for balances as at 31 March 2017 and multi-year licences already held.

Background

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.

Under the directed revisions a local authority scheme was 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.

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. Under the current regulations LA's could review their clawback mechanism 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.

The Schools "Surplus Balance" is calculated using the schools closing balance as at the end of the financial year less; additional grants, pupil premium, any known prior year commitments, and the calculated "unlicensed" amount.

In order to comply with these requirements schools were issued with the following information: -

- An application form for a licensed Surplus balance
- The list of permissible exemptions
- Control of Surplus Balances Procedure

Following the approval of licensed surpluses for 2016/17, schools were charged with spending and reporting their spend against the granted licence in accordance with the Schools Surplus Balance Procedure.

Schools that have been granted a multi-year licence have up to three financial years to use their licensed surplus. Appendix 1 provides a summary of the surplus balances held by the schools as at 31 March 2018.

Surplus Balance Licences

At the end of the 2017/18 financial year the total amount of surplus balances held under previous year's licences was £30,504 which is a reduction of £132,566 from £163,070.

Proposal

That Schools Forum notes that Schools surplus balances have reduced by £132,566 and all schools will continue to have their licences monitored.

Recommendation

It is recommended that Schools Forum Notes: -

- Surplus Balance licences have reduced by £132,566 during 2017/18

For the following reason(s):

- To ensure that the Control of Surplus Balances Procedure is adhered to in a clear, fair and transparent manner.

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Appendix 1

Costc	Costc(T)	Approved Budget	TOTAL BUDGET	Amount	VARIANCE
S2168	High Spen Primary	5,638.00	5,638.00	5,638.00	0.00
	2014/15 Surplus Bal Multi Year Licence	5,638.00	5,638.00	5,638.00	-0.00
S3313	Corpus Christi RCP	21,088.00	21,088.00	21,088.00	-0.00
S3325	St Joseph's Catholic Inf Birtley	7,033.00	7,033.00	3,707.80	-3,325.20
	2015/16 Surplus Bal Multi Year Licence	28,121.00	28,121.00	24,795.80	-3,325.20
S1000	Bensham Grove Nursery School	20,554.00	20,554.00	20,554.00	-0.00
S2168	High Spen Primary	10,108.00	10,108.00	10,108.00	0.00
S3313	Corpus Christi RCP	51,277.00	51,277.00	51,277.00	0.00
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S3317	St Joseph's RCP Gateshead	45,229.00	45,229.00	20,193.41	25,035.59
S3325	St Joseph's Catholic Inf Birtley	2,143.00	2,143.00	0.00	-2,143.00
S4036	Heworth Grange School	0.00	0.00	0.00	0.00
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	2016/17 Surplus Bal Multi Year Licence	129,311.00	129,311.00	102,132.41	27,178.59
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		163,070.00	163,070.00	132,566.21	30,503.79