**School Forum**

**9**

**7th July 2015**

**Maintained Schools excessive revenue balances as at 31.3.15**

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| **Lead Officer** | **Richard Morgan** |
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| **Forum asked to decide / steer / be informed** | **To inform the forum of the revenue balances held by maintained schools and ratify retention of excessive balances** |
| **Time Needed** |  **15 mins** |

**Introduction**

Local Authorities have been required to operate an effective balance mechanism to ensure that schools do not accrue excessive, uncommitted, surplus revenue balances.

The schools forum continues to use the methodology introduced by Bath & North East Somerset Council in 2004/2005 for the claw back of excessive school revenue balances.

The thresholds for excessive school revenue balances are set as follows:

* Primary Schools – 8% or £25,000, whichever is the greater, of the revenue LA & High Needs funding available.
* Secondary Schools – 5% or £50,000, whichever is the greater, of the revenue LA & High Needs funding available.

In 2012/2013 there were 16 schools with an average excess of £17,572

In 2013/2014 there were 20 schools with an average excess of £27,473

In 2014/2015 there are 18 schools with an average excess of £22,080

At the end of the financial year, schools are issued with an Excessive Balances Justification form requesting information about how the school propose to use their excessive revenue balance.

Historically the vast majority of schools have used their excessive balances as a contribution towards a capital project or to support a projected deficit budget.

For 2012/2013 an additional approved reason was added for the retention of an excessive revenue balance held in respect of the pupil premium grant for ever6 FSM and Service Children. For 2013/2014 a further approved reason was added in respect of the Primary PE Grant.

**Report**

At the end of the financial year 2014/2015, the LA and High Needs revenue balances for maintained schools has decreased by £114,896 in comparison to the financial year 2013/2014. This figure **excludes the schools that** **converted to Academy status during the financial year 2014/2015**. This decrease can be partly attributed to schools needing to utilise their balances from 2013/2014 to support an in year deficit budget set for 2014/15.

The table attached at **Appendix A** shows the movement in revenue balances for the last 3 years for maintained schools only, and the schools that are deemed to have an excessive balance as at 31st March 2015. This list excludes the schools that converted to Academy status during the financial year 2014/2015.

In 2013/2014, 20 schools had balances that were deemed to be excessive totalling £549,459; however 3 of these schools have converted to an academy during 2014/2015 and are excluded from the comparison at Appendix A.

In 2014/2015, **18** schools have balances that are deemed to be excessive totalling £397,454. The excesses range from £1,055 to £101,733, the larger of which is a Secondary School. Primary Schools represent 66.15% of the excessive balances.

13 of the 17 maintained schools had an excessive balance at the end of the financial year 2013/14 and these are shaded in the end column on Appendix A. An analysis of these balances show that overall there has been a reduction in the excess retained. Two schools have dramatically increased their excess due to either amalgamation or ongoing capital works.

All 18 schools with excessive balances as at 31st March 2015 have each been asked to identify/confirm the intended use of the balance and the returns submitted have been verified against any registrations made with the Schools Capital Organisation Team.

A schedule at **Appendix B** has been compiled to inform the Schools Forum of the explanations given by each school as to how they justify the use of their excessive revenue balances.

Please see the Officer Recommendation/Comment field on Appendix B.

**Recommendation**

The Forum is asked to note the excessive revenue balances held by schools and to ratify the recommendation shown on the schedule in **Appendix B.**