

## **SCHOOL BALANCES AND POTENTIAL CLAWBACK**

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### **1. Purpose**

To inform the Schools Forum of the level of balances of schools at the end of 2009/10 and the results of the claw back process.

### **2. Recommendations**

- 2.1 That the detail behind the £7.967m of revenue balances at the 2009/10 year end be noted.
- 2.2 That the results of the claw back process be noted.

### **3. Issues**

#### **School balances**

- 3.1 The position in respect of schools retained balances is set out in Annex A which is provided in four parts.
- 3.2 Annex A1 shows a summary of schools' balances over recent years. This summary shows that the net balances of schools have reduced by £0.879m from £8.846m at March 2009 to £7.967m at March 2010. There were seven schools with deficit balances at the end of 2009/10, unchanged from the previous year. The value of the deficits also remained virtually unchanged at £1.131m. The balance at St. Paul's still includes an amount of £0.436m which belongs to the Milton Keynes Behaviour Partnership. This money is committed to developments which will take place in the current year. Whilst the money is accounted for in the school's budget it does not belong to St. Paul's Catholic School.
- 3.3 Annex A2 shows the Milton Keynes school's balances compared to other local authorities as at the end of March 2009. This shows that the total net balances as a percentage of budget share were lower than the 'All England' average although, interestingly, the primary percentage was the highest when put against the other comparators. The average net balance for secondary schools was the highest despite the large deficit being carried by one school in this group. When looking at the Surplus Balances it is good to note that Milton Keynes had a significantly higher percentage of schools with surplus balances with a lower average balance compared to the 'All England' average. The tables relating to deficit balances show that Milton Keynes had a lower percentage of deficit schools compared with the 'All England' average but the

average deficit budget was twice the 'All England' average at £161,627. The latest information is not yet available for other authorities to compare the position at the end of 2009/10.

- 3.4 Annex A3 to this report sets out the school budget share balances for each school for the four years to 2009/10 (the figures exclude capital balances and standards fund balances that can be spent up until 31<sup>st</sup> August 2010). Forty one schools had surplus balances higher than the recommended 5% of school budget share for Secondary Schools and 8% for all other schools. This is an improvement on the previous year when fifty three schools were in excess.
- 3.5 Annex A4 lists the forty one schools with excess balances and shows what additional items were declared in order to reduce the balance below the permitted 8% or 5%.

### **Claw back process**

- 3.6 As indicated above there were forty one schools which ended the year with excess revenue balances. As in previous years these schools were asked to complete an excess balances return with supporting evidence. These were closely scrutinised and further clarification and evidence was sought from a number of schools. This exercise produced a list of four schools in a possible claw back situation with a total value of £118,593. After further discussions with those schools and in conjunction with the Directorate Leadership Team it was decided that each of those four had their own mitigating circumstances. In each case further evidence was requested, resulting exceptionally in no balances being clawed back.
- 3.7 A number of issues arose as a result of this exercise. These will be addressed and revised guidance will be issued to schools in the autumn term.