

## **Controls on Surplus Balances – Intended Use of Reserves 2011/12 Update**

### **Purpose of the paper**

1. To update Schools Forum on the use of revenue reserves carried forward from 2011/12 in respect of those schools that exceeded the permissible thresholds.

### **Background**

2. The Controls on Surplus Balances Scheme came into effect in the 2006/07 financial year.
3. The Scheme prescribes limits on schools revenue balances carried forward from one year to the next. Primary and Special Schools may carry forward 8% or £10,000, whichever is the greatest, and Secondary Schools may carry forward 5%.
4. Under the rules of the scheme schools may assign revenue balances in excess of the allowable thresholds for specific purposes as set out in the scheme, i.e. for projects of a capital nature, ring fenced grants, trigger allocations made late in the year and unspent Pupil Premium Grant.
5. Schools revenue balances are routinely challenged as part of the Local Authority monitoring role and, through this, revenue balances carried forward into the next financial year which exceed the 8% and 5% thresholds are monitored to ensure schools are utilising funds as intended.
6. Following consultation with all maintained schools, Schools Forum have agreed a revision to the Wiltshire scheme for funding schools to withdraw the control mechanism on surplus balances with effect from the 2013/14 financial year. In the interim, schools are still required to submit an Intended Use of Revenue Balances return in support of balances above the permissible thresholds as at 31<sup>st</sup> March 2013 and to report on their use of 2011/12 balances, where appropriate.

### **Update on current position**

7. There were fifty eight schools, at the end of 2011/12, which had balances in excess of their prescribed threshold. As part of the Controls on Surplus Balances Scheme monitoring process, forty two schools were required to confirm by 31<sup>st</sup> May 2013 that they had utilised the excess reserves for the purposes they had originally stated. If they had not, they were asked to describe how those reserves had been, or would be, used.

The remaining sixteen were not required to submit a return, as follows:

- a) Conversion to academy status – four schools
  - b) Reserves assigned to unspent Pupil Premium Grant and/or trigger allocations made late in the 2011/12 year – eleven schools
  - c) Excess balance clawed back as agreed by SFWG – one school
7. Forty two schools were requested to confirm that they had utilised their excess reserves for the purposes originally stated and all responded. As follows:
    - a) Thirty nine schools confirmed that their reserves had been/or would be used as intended with ten reporting that expenditure was either delayed or ongoing
    - b) Three schools stated that funds had not been spent for the purpose originally stated, either in part or entirety. A summary of changes to planned spend is detailed below:

- One school purchased I-Pads instead of laptops
- Due to increasing NOR, one school redirected a balance of £18,000 which had been assigned to toilet refurbishment towards increasing teaching and SEN space
- The final cost of the kitchen refurbishment at one school was £38,000, £12,000 less than the original estimate. This balance was redirected to bring forward the final phase of the ICT installation

## **Conclusions**

8. The returns indicate that schools have used, or intend to use, their reserves for the purposes they were originally assigned.

## **Recommendations**

10. Schools Forum is recommended to note the contents of this report.

---

Report Author: Jane Ralph  
School Strategic Financial Management Adviser  
Contact: Tel.: 01225 718569  
[jane.ralph@wiltshire.gov.uk](mailto:jane.ralph@wiltshire.gov.uk)