

WESTMORLAND & FURNESS COUNCIL SCHOOLS FORUM
Report Title: Maintained Schools Excess Surplus Balances
Meeting date: 11 June 2025
Report of: Isobel Booler, Assistant Director – Education & Inclusion

1.0 Executive Summary

- 1.1 This report informs the Schools Forum of the outcome of the 2023/24 excess surplus balances policy and the excess surplus balances position for 2024/25 for maintained schools.
- 1.2 Schools Forum are asked to consider whether the policy should continue to be applied in future years or the threshold limits increased to reduce the number of schools required to justify their balances.

2.0 Strategic Planning and Equality Implications

- 2.1 Managing the level of school balances is supportive of the Council Plan outcome that “People in Westmorland & Furness are healthy, happy, active and able to lead fulfilling independent lives, thriving in their communities” and the commitment to reduce inequality and “ensure that young people have enough opportunities to access the best education”.

3.0 Recommendation

- 3.1 The Schools Forum is asked to:
 - note the outcome of the 2023/24 excess surplus balances policy, the position for 2024/25 and the action the local authority is taking to control excess surplus balances;
 - and
 - recommend one of the following 3 options:

- (1) continue to apply the excess surplus balances policy in future years with no changes;
- (2) continue to apply the excess surplus balances policy in future years with revised thresholds;
- or
- (3) remove the excess surplus balances policy from the LA Scheme.

4.0 Background

- 4.1 The Westmorland & Furness LA Scheme for Financing Schools allows schools to automatically carry forward any surplus balances at the financial year end up to a set threshold of 10% of total school budget shares for primary, special, nursery and the PRU and 6% for secondary schools. Schools are required to justify any balances above these thresholds for consideration by the Assistant Director Education & Inclusion who decides whether the school can retain the excess balance or if it should be clawed back. The use of any monies recovered is at the discretion of the Schools Forum. The policy, which includes examples of acceptable circumstances, only applies to maintained schools, and is at Annex I of the [LA Scheme](#). The DfE previously set limits on general annual grant (GAG) carried forward by trusts from year-to-year but these limited have now been removed.
- 4.2 At the Schools Forum meeting held on 15 January 2025 it was reported that 16 schools had an excess surplus balance over the allowable thresholds at the end of 2023/24 financial year. The total excess balance over the thresholds was £0.566m.

Outcome of Excess Surplus Balances 2023-24

- 4.3 The majority of justifications met the criteria in the policy with 60% of the total excess balance relating to funds set aside to manage change, 27% for schemes of building works, 3% for schemes of repair, 7% relating to unspent grants and 3% relating to other circumstances. Ten schools have received approval to retain their excess balance and 6 schools received conditional approval subject to further evidence being provided.

Excess Surplus Balances 2024-25

- 4.4 17 schools ended the 2024/25 financial year with an excess balance. The total excess balance over the thresholds was £0.634m, an increase of £0.068m compared to 2023/24. Schools were asked to submit their justifications and supporting evidence by 23 May 2025. 13 schools have submitted returns by this date and the returns are currently in the process of being reviewed. Schools will be notified of the outcome of the exercise as soon as is practical but no later than the end of the Summer term.
- 4.5 As previously reported, the policy puts appropriate challenge on to schools with excess surplus balances. However, each year that the policy has been

applied schools have been able to justify their excess balances resulting in very few clawbacks of low value or no clawbacks at all.

4.6 Given that:

- the majority of schools are using their excess balances prudently to manage changing circumstances such as awkward class sizes and falling pupil numbers, where a clawback would result in future pressures on budgets,
 - the amount of resource time taken up by schools and the local authority in completing this exercise on an annual basis;
 - the reduction in the maintained schools overall net balance which is predicted to reduce further in future years;
- and
- academy trusts are not subject to limits on GAG carried forward and therefore there is a disparity between maintained and academy schools;

Schools Forum is asked to consider if the policy is still of benefit in terms of managing the levels of maintained schools surpluses balances or, whether the thresholds should be increased further to reduce the number of returns.

- 4.7 For example, using 2024/25 data, if the thresholds were increased to 12.5% primary/nursery/special/PRU and 7.5% secondary then only 8 schools would be required to justify their balances with the net balance being £0.386m.
- 4.8 If the thresholds were increased to 15% primary/nursery/special/PRU and 9% secondary then only 4 schools would be required to justify their balances totalling a net balance of £0.325m. Any changes to the policy would apply to balances at the end of 2025/26 financial year.

5.0 Options

5.1 Schools Forum can choose one of the below options:

- (4) continue to apply the excess surplus balances policy in future years with no changes;
- (5) continue to apply the excess surplus balances policy in future years with revised thresholds;

or

- (6) remove the excess surplus balances policy from the LA Scheme.

5.2 If Schools Forum decide on Option (2) it is asked to make a further recommendation on the threshold limits to apply.

6.0 Resource and Value for Money Implications

6.1 Resource and value for money implications are considered throughout this paper.

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