**SCHOOLS FORUM**

**18th May 2022**

**Agenda 8: 2021-22 School Reserves Outturn**

1. **Introduction**
   1. The Medway Scheme for Financing Schools outlines the maximum carry forward reserves for any maintained schools as follows:

* Revenue - 8% of their total yearly grant income (I01, I02, I03, I05 and I08)
* Capital – a school must spend their annual Devolved Formula Capital Funding (DFC) and any brought forward balances within three years.

1.2 At their annual May meeting the maintained schools, Schools Forum members will vote on whether to clawback any funding from a maintained school whose reserves are above the maximum allowable limits outlined in point 1.1 above.

**2. 2021-22 Year End Schools’ Revenue and Capital Reserve Balances**

2.1 As at 31st March 2022, there were 25 maintained schools with revenue reserve balances totalling £3.181m (within this total 1 school has a deficit of £0.033m); which is an increase of £0.088m or 3% from the previous year. Confidential appendix A shows the level of school reserves for the last three years.

2.2 As at 31st March 2022, the capital reserve balances at the end of the 2021-22 financial year were £0.546m; which is an increase of £0.020m from the previous year. Again, confidential appendix A shows the level of school reserves for the last three years.

2.3 No schools converted to academy status during 2021/22 but The Will Adams Centre converted on the 1st April 2022 and their details are not included within this report.

2.4 There is 1 school currently shown as being in deficit, St John Fisher. Five schools will be/are working closely with the Schools Finance Team to address potential deficits which may arise in 2022-23 or are already in an agreed Deficit Recovery Plans.

2.5 There are 2 schools who had higher than permitted revenue reserves totalling £0.040m and 8 schools that has higher than permitted capital reserves (although schools have three years to spend their capital reserves). These are highlighted in green and each school must provide a brief explanation of why they are above the maximum limit in section 3.

2.6The Schools Forum is asked to note the position on schools’ balances for 2021-22 and vote on whether to clawback funding on the 10 schools that were over the maximum carry forward limits.

**3. School Explanations and commentary.**

3.1 See confidential appendix B tabled for the meeting.

**4. Action for the Schools Forum**

4.1 The Schools Forum are asked to:

a) **note** the position on schools’ balances for 2021-22 as per section 2.6 above?

b) **vote** on whether to enact the revenue clawback for those schools who were over the maximum carry forward limits as per section 2.6 and 3 above?

c) **vote** on whether to enact the capital clawback for those schools who were over the maximum carry forward limits as per section 2.6 and 3 above?

Report written by:

Martin Daniels

Management Accountant – Education & Schools

[martin.daniels@medway.gov.uk](mailto:martin.daniels@medway.gov.uk)