

Capital Balances

Capital balances held by schools have almost doubled in the past three years from £1.7m in 2007/8 to £3.3m in 2009/10 (based on brought forward balances).

Since 2007/08 schools have moved £2m of revenue balances to capital. Transfers made in period 13 amount to £1.3m and it is assumed that these balances were moved to avoid claw-back.

Capital Plans Submitted 2009/10

Excluding voluntary aided schools and accepting that some plans are still outstanding or not fully completed, the capital plans submitted for the three year period 2009/10 to 2011/12 total £6.9m. The grants and balances available for the same period are estimated to be £11m, indicating that the majority of schools will not need additional funding from revenue to complete their plans.

For Consideration

The group is asked to consider the below options – proposal A will increase revenue balances available for redistribution and proposals B and C increase capital available.

Proposal A

- Revenue balances can only be transferred to Capital where a Capital plan has been approved by the local authority.

Proposal B

- Balances may continue to be transferred however a plan will need to be submitted within the following financial year (or the balances spent).
- If no suitable plan is submitted the balances can be clawed back for use on local authority capital schemes generally e.g. the general school maintenance programme. This would mean that any balances moved to avoid claw-back in 2010/11 would require a plan or spending by March 2012.

Further discussion at the Working party will be needed if either of these options is to be implemented from 1st April 2010 for the financial year 2010/11.