

MEETING	SCHOOLS BUDGET FORUM
DATE	18 June 2014
HEADING	Handling School Balances Scheme
PURPOSE	Consider Amended Scheme
RECOMMENDATION	For approval
REPORT BY	Dewi R Jones, Head of Education
CABINET MEMBER FOR EDUCATION	Cllr Gareth Thomas

1. Background

1.1 The Schools Budget Forum is requested to consider amending the balances directive scheme and the current implementation procedure.

1.2 In general, the current plan includes a threshold of 8% or £50,000 (primary) or £100,000 (secondary and special), which ever is the largest, before the LEA can direct a governing body on how to spend an element of their balances with the current implementation procedure counting surplus balances after setting a budget.

1.3 To assist the discussion, the relevant section of the 2010 Schools Finance Regulations legislation (Wales), Schedule 4 Regulation 26, is quoted

- *Statement in the governing body's intended use of school balance surplus exceeding 5% of the school portion of the budget or £10,000, which ever is the larger amount.*
- *Provision under which the LEA can implement -*
 - (a) *direct the governing body how to spend a school balance-sheet surplus for the funding period, – (i) if the surplus, in the case of a primary school, is £50,000 or above, and (ii) if the surplus, in the case of a secondary school or special school, stands at £100,000 or above;*
 - (b) *makes it a requirement that the governing body, unless the governing body complies with such a directive, pay the entire surplus or part of it to the LEA to use as part of its schools budget for the funding period in question*

2. Amended Scheme for Handling School Balances

2.1 The following amended scheme and implementation system is proposed:

- **Balances exceeding 5%** : In accordance with the Schools Funding Scheme (clause 4.2), schools whose balances exceed 5% of their allocation have a statutory obligation to report to the LEA on the use that the school intends to make of the balances (it is expected that the Governing Body will have agreed on the school's response to the questionnaire). This is done through releasing a questionnaire for the purpose (appendix 1)

Time-table – questionnaire to be returned by 4 July 2014

- **Balances exceeding £50,000/£100,000 threshold** : Identify School Balances on April 1, adding calculation of the balances exceeding the appropriate threshold (appendix 2). The relevant schools are requested to report to the LEA on the school's intended use of their balances (the Governing Body is expected to have agreed on the school's response to the questionnaire). That is done through releasing a questionnaire (appendix 1).

Time-table – questionnaire to be returned by 4 July 2014

- **Directive for Governing Bodies**

Following a review of the relevant schools response to both above mentioned requests, if deemed appropriate, I will direct the Governing Body whose balances exceed the £50,000/£100,000 threshold, how to spend an element of their balances and request confirmation that they will take action as directed.

I will also contact schools whose balances exceed 5%, but below the threshold, if the questionnaire on use of balances is unclear and/or that unacceptable or vague explanations are provided.

Time-table – September 2014

- **Surplus payment to the LEA**

Review if the school has acted as directed, and if they have not, notify the school of the financial amount immediately transferred from the school budget to the schools budget.

Time-table – November 2014

3. Conclusion

3.1 The Schools Budget Forum is requested to consider and approve the above scheme and implementation procedure.