

# GWYNEDD COUNCIL CABINET



## Report to the Cabinet

**Meeting Date:** 7 March 2017  
**Cabinet Member:** Councillor Gareth Thomas  
**Contact Officer:** Owen Owens  
**Contact Number:** 01286 679169  
**Item Title:** Transfer of the Balances of Closing Schools – change wording of Scheme for Financing Schools

### 1 DECISION SOUGHT

- 1.1 Change the wording of clause 4.8 of the Scheme for Financing Schools to read as follows:

#### **4.8 Balances of closing and replacement schools**

*When a school closes any balance (whether surplus or deficit) reverts to the LEA; it cannot be transferred as a balance to any other school, apart from when that other school has been established as a result of the closure. In such a situation the balance will transfer to the new school under the provisions of the School Funding (Wales) Regulations 2010.*

### 2 REASON WHY DECISION IS NEEDED

- 2.1 Currently, clause 4.8 of the Scheme for Financing Schools reads as follows:

#### **4.8 Balances of closing and replacement schools**

*When a school closes any balance (whether surplus or deficit) reverts to the LEA; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school.*

- 2.2 As currently written, the balances of every closing school (whether surplus or deficit) automatically transfers to the Authority.
- 2.3 It is seen that this situation does not provide any incentive for closing schools to be responsible with their budgets as there is nothing, locally, to be gained or lost in doing so.

- 2.4 However, Schedule 3 of the School Funding (Wales) Regulations 2010 allows for the amounts payable to a school which is established as the result of the discontinuance of one or more maintained schools to reflect the extent to which a school which has been discontinued has spent more than or has not spent all of its budget share in any funding period, *i.e. it is possible to transfer the balances of a closing school to the school being established in its place.*
- 2.5 It is seen that changing the wording in accordance with the decision sought would create a more solid financial context when any school closes and would allow and encourage responsible and careful financial planning in such situations.

### **3 INTRODUCTION, REASON AND JUSTIFICATION BEHIND THE DECISION**

- 3.1 The matter of balances of closing schools was raised during discussion on school balances in the Schools' Budget Forum meeting held on 29 November, 2016.
- 3.2 Schools were consulted regarding changing the wording of clause 4.8 of the Scheme for Financing Schools (see Appendix 1).
- 3.3 In the consultation letter, the following considerations were noted in favour of the change in wording:
- Any monies in closing schools would follow the pupils to the new school.
  - Under the current arrangements there could be a temptation for closing schools to spend any balances they have to ensure that the money does not transfer to the Authority. It could be envisaged that closing schools would spend on resources (which would transfer to the new school) but that the new school did not really need those resources. It would be far better that the money transferred to the new school allowing it plan for the appropriate use of the money in line with the requirements of the School Development Plan.
  - No deficits would transfer to the Authority. As the Scheme for Financing Schools is currently worded, there is no incentive for a closing school to live within its budget. Changing the wording would promote responsible Financial planning in schools because it would be foreseen that no school which knows it will be closing would wish to place any additional financial burdens on the new school being established.
- 3.4 The results of the consultation were reported to the Schools' Budget Forum meeting held on 7 February, 2017 (see Appendix 2), noting that the overwhelming majority of schools that responded to the consultation (26 out of 27 responses) were in favour of changing the wording of clause 4.8 of the Scheme for Financing Schools.
- 3.5 The Schools' Budget Forum decided to recommend that the Cabinet

changes the wording of clause 4.8 of the Scheme for Financing Schools.

#### **4 NEXT STEPS & TIMETABLE**

4.1 The wording of clause 4.8 of the Scheme for Financing Schools will be changed in accordance with the decision sought, and will become operational on 1 April, 2017.

#### **5 ANY CONSULTATIONS UNDERTAKEN PRIOR TO MAKING THE DECISION**

##### **5.1 View of the Statutory Officers**

###### 5.1.1 The Chief Executive

“Nothing to add to this sensible recommendation.”

###### 5.1.2 The Head of Finance

“The decision sought is sensible and logical, I support the change of wording to the Scheme for Financing Schools to be operative from 1 April, 2017.”

###### 5.1.3 The Monitoring Officer

“This report has been the subject of input from the Legal Service and the recommendation is in keeping with the statutory provision.”

##### **5.2 View of the Local Member**

5.2.1 Not a local matter.

##### **5.3 Results of any consultation**

5.3.1 See Appendix 2