

Dudley Scheme of Financing for Schools-Proposed Revision to Paragraph 4.2.2

4.2.2. Controls on surplus balances

Surplus balances held by schools as permitted under this scheme are subject to the following restrictions with effect from 1 April 2007:

The Authority shall calculate by 31 May each year the surplus balances, if any, held by each school as at the preceding 31 March. This will include all school balances at 31st March, as required by Consistent Financial Reporting and reported in the Section 52 outturn statement. For Dudley Schools this will include:

- School budget share arising from the delegated budget;
- Extended school activities;
- Community facilities;
- Standards Fund;
- Private funds.

The balances covered by the CFR framework intend to give an overall picture of the resources available to the school from one year to the next. These balances relate to both revenue and capital.

This section of the scheme shall only apply to those surplus balances arising from the **school budget share maintained within the delegated budget**.

The definition of a school's budget share surplus balance will include those balances accumulated in previous years and held in the reserve categories detailed in section 4.3 of the Scheme of Financing for Schools at the end of the financial year.

It should be noted that funds derived from sources other than the Authority e.g. Schools Standards Grant or lettings etc, **will** be taken into account in the calculation of surplus balances if paid into the budget share account of the school, whether under provisions in this scheme or otherwise and for those funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) and any other activity accounted for outside of the school budget share **will not** be taken into account unless added to the budget share surplus by the school as permitted by the Authority.

At the end of each financial year the governing body of each maintained school will be required to make a detailed return to the local authority by the early May stating how it wishes to assign its budget share surplus balances and over what period it plans to spend them. These plans will be described as 'Provisional

Plans’.

Schools may wish to highlight to the Authority where there is a prior year commitment to pay for goods or services from the surplus balances identified at the year-end. A prior year commitment will include work or goods for which a purchase order has been raised, work or goods for which a contract has been entered into, or a scheme which is included on the LA’s approved capital programme.

School’s Forum will be required to consider these Provisional Plans at its Summer Term meeting following the closure of the financial year. Where Schools Forum approves the provisional plans, as recommended by the Director of Children’s Services, then these will be confirmed as ‘Approved Plans’. Where School’s Forum has been unable to approve the plans, schools will be notified of the reason why and the next course of action. Either way, Schools will be notified of School’s Forum’s response to the plans within 14 days of the meeting.

If during the course of the next financial year a school wishes to reassign its Approved Plan and/or wishes to re profile the timescale by which it intends to spend the balances, it must obtain the approval of the Director of Children’s Services. To action this, schools must complete the pro forma at Annex G and return it to Children’s Services Accountancy who will submit the proposals to the Director of Children’s Services for consideration. A response will be given to schools within 14 days of the Director’s meeting

If at the end of the following year a school has not spent its surplus balances in line with its Approved Plans and is unable to justify this action to the satisfaction of the Director of Children’s Services, then the Director may claw back school budget share reserves, as permitted by the Schools Finance Regulations 2006 and retain that proportion of any unspent balances at the financial year end.

Schools will be notified of the Director of Children’s Services decision to claw back any balances by Children’s Services Accountancy.

The total of any amounts deducted from schools’ budget share reserves by the Authority under this provision is to be applied to the Schools Budget of the Authority and allocated in accordance with School’s Forum approval.

School’s Forum may invite Head Teachers to discuss their school’s plans in detail during the course of its normal business, if required.

School’s Forum will be notified on an annual basis of the total surplus balance held by schools for all activities including; full service extended schools, community activities, Standards Fund, private and other funds.

Process & Timetable

- Financial Year end 31st March;
- Unspent balances at the end of the financial year confirmed early May;
- Schools provide Provisional Plans for the next financial year for unspent balances held in the reserve categories listed in section 4.3. These will be sent to Children's Services Accountancy by early May;
- *Provisional Plans to be discussed with Building & Estates – where capital works planned;*
- Children's Services Accountancy consider how actual spend for the previous financial year match approved plans for that year;
- Director of Children's Services notifies schools of his intention to claw back balances from previously Approved Plans;
- Provisional Plans for the new financial year which include any claw back are presented to School's Forum at the Summer Term meeting;
- Each school's budget share balances are either confirmed as Approved Plans (Accountancy notify school) or not approved (further discussions etc);
- Reassignment of plan or timescale requests, received mid year, to Director of Children's Services and schools notified accordingly;
- Process recommences.