Schools Forum
20th March 2014
Item 7
Cash Advances To Schools

1. Purpose Of This Report

To enable members to consider the proposed re-profiling of cash advances to schools from 2014/15 onwards.

2. Recommendations

That Forum agree to the re-profiling of cash advances to schools such that the majority of a school's cash requirements are advanced in the April cash advance.

3. Current Cash Advance Method

At present there are four scheduled cash advances at the start of April, July, October and January. At each of these points, schools receive an amount that raises their bank balance to a level that equals a quarter of the previous year's expenditure from their bank account, plus a safety margin of 50% (25% for salary expenditure from the bank account).

Schools are able to request additional advances where they feel that their bank balance is not sufficient to cover the spend that they will be making. In the 2013/14 financial year, additional advances have been made on eight occasions.

4. Proposed Change To Method

The aim of the method will still be to ensure that schools have sufficient cash to cover the expenditure from their bank account.

The intention of the revised process is to reduce the total number of cash advances (both scheduled and ad hoc) by providing more cash at the start of the year.

The April 2014 cash advance would be equivalent to the level of spend from the school's bank account in the whole of the 2013/14 financial year.

The bank balances would be investigated in January 2015, taking into account spend patterns in the new year as well as the potential spending of school balances, and any additional advances required would be made. The intention would be to provide sufficient cash to cover all schools until the April 2015 cash advance.

Schools would still have a responsibility for managing their cash flow and would still be able to request additional cash advances to cover projected shortfalls. Although the need for such advances is not anticipated, cash flow monitoring remains important as it is illegal for schools to be overdrawn.