

Balance Control Mechanism (Extract From Scheme Of Delegation)

4.2 Reporting on and control of the use of balances (Balance control mechanism)

The balance control mechanism will be used to enable schools to agree plans for surplus balances with the Authority or re-distribute funds to achieve this aim.

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

- a. the authority shall calculate by 31 May each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose the balance will be the revenue balance (excluding any ring fenced grants) as reported to each school in writing by the authority.
- b. the authority shall deduct from the calculated balance any amounts for which the school has an accrual which could not be included in the schools accounts.
- c. the authority shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes **agreed with the authority**. Amounts must not be retained beyond the agreed period without the consent of the authority. The authority must agree any changes to the assigned purpose. In doing so the authority will look at previous assignments and consider the needs of the school.

The Local Authority will only agree amounts for the following purposes unless exceptional circumstances occur

- Capital works.
- Savings made to make enhancements to new builds from the Building Schools for the Future programmes and Private Finance Initiatives.
- To cover funding shortfalls for future temporary drops in pupil numbers.
- Building up funds to dampen the effects of step increases in pupil numbers that occur in September but not funded until the next financial year.
- Single status.
- Holding the funds for joint schools collaboration project which run over more than one year.
- Accruals that should have taken place but it was not possible to action them in time for closing the accounts.
- Any administrative error in the accounts.

- d. if the result of steps a to c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, then the authority shall deduct from the current year's budget share an amount equal to the excess. This deduction will take place in a budget update in October of each year.

The total of any amounts deducted from schools' budget shares by the authority under this provision are to be applied to the Schools Budget of the authority.

If a school has excessive balance at the start of the year, provides plans to spend the sum, but still has an excess at the end of the year, this will be automatically capped. This is to be effective from 31st March 2010.

4.2.1 The right to appeal

There will be the right of appeal. An appeals panel of two School Forum members and the Executive Director for Children and Young People, or their representative will sit to consider appeals against the decision of School Forum. The decision of the appeals panel will be final.

In determining the deductions in 4.2 above the LA will expect to draw upon information in the School Improvement Plan, the asset management plan and any other planning documents that the School Forum might agree over time. The process will be undertaken jointly between Finance and School Improvement Officers.

4.2.2 Monitoring of approved plans

Schools will be required to provide progress reports on the planned use of the excess balance. Schools may not vary the plan in terms of the use of funds or the agreed timetable without good and proper reason and the approval of the LA. If such approval is not given, the balance may be clawed back, subject to ratification by Schools Forum.