

Slough Schools' Forum
Scheme for Financing Schools consultation
8 May 2013

Appendix 2

Below is the excerpt from Section 4 of Slough's Scheme for Financing Schools which deals with surplus balances.

4.2 Planned Use of Balances and Revenue Balance Control Mechanism

Planned Use of Balances

Schools are required to complete a return on their planned use of balances and this must accompany the approved budget plan submitted to the local authority by 31st May. A proforma return will be available to all schools and the information to be supplied includes:

- Detail of projects or works to be completed; resources to be purchased or contracted
- Amount earmarked for each item
- Expected date of expenditure
- Supplier or provider to be commissioned
- Budget heading expenditure will be recorded against

Evidence of planned use must accompany the return. Acceptable evidence includes:

- List of outstanding orders at 31st March and copies of orders, delivery notes or invoices; Finance will be mindful of the amount of school administration required and if the number of outstanding orders is high may restrict the request for evidence to a sample of orders
- Tenders and quotes
- Governing Body minutes showing discussions on planned use of balances
- Relevant costed items in School Development Plan
- Correspondence and emails from local authority officers

Revenue Balance Control Mechanism (BCM)

The local authority shall calculate by 30 April each year the surplus balance, if any, held by each school as at the preceding 31 March.

For the purpose of the Balance Control Mechanism (BCM) the balance will be the total revenue balance as reported on the final Consistent Financial Report.

The revenue balance will be calculated as a percentage of the current year's budget share. The BCM threshold is set at **5%** for secondary schools and **8%** for primary and special schools. For any school exceeding the threshold, local authority officers will review the school's return on Planned Use of Balances. Amounts not fully supported by evidence will be considered as potentially subject to clawback.

The following funds will be viewed as exempt from potential clawback if sufficiently supported by relevant evidence:

Category	Evidence
Committed expenditure i.e. prior year committed orders (<i>this should equal the amount reported as CFR balance B01</i>).	Orders, delivery notes or invoices
Funds held on behalf of other schools e.g. cluster funding, federation grants	Correspondence, allocations
Planned reserves for future years' budgets i.e. funds required to support a budget as the school moves through change	Calculations, plans, projections, multi-year budget tool
Allocations of local authority funding made after 1 st January	Correspondence with LA officers
Planned reserves for provision of additional places	Correspondence, allocations

Local authority finance officers will identify schools exceeding the threshold and not providing full supporting documentation for the planned use of their revenue balance and these will be referred to a Schools Forum sub-group which is representative of all phases. The sub-group will review plans and documentation and recommend to Schools Forum any amounts to be clawed back. Those amounts will be re-allocated across all maintained schools using the local formula.

Below is the DfE guidance:

4.2 Controls on surplus balances

The scheme may contain a mechanism to clawback excess surplus balances. Any mechanism should have regard to the principle that schools should be moving towards greater autonomy, should not be constrained from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and should not be burdened by bureaucracy. The mechanism should, therefore, be focused on only those schools which have built up significant excessive uncommitted balances and/or where some level of redistribution would support improved provision across a local area.