

Bury Schools' Forum**Proposed revision to Scheme for Financing Maintained Schools****6.2 Controls on Surplus Balances**

All schools should aim to spend their funds prudently with proper regard for value for money. Schools should regularly check that they have plans for the money they are holding to ensure they are getting the most benefit and best value for money from their budgets.

Where any school has an accumulated surplus balance above the maximum permitted thresholds of 5% for Secondary and 8% for Nursery, Primary and Special, the Local Authority shall deduct any surplus amount equal to the excess above these thresholds. The excess amount will be held for each school in an earmarked Schools Surplus Balance Reserve and will be returned to each school subject to the school demonstrating more effective financial management and planning of their budget to support the education and attainment for pupils on roll.

All schools should have a clear plan for making best use of surplus balances, however, should a school fail to demonstrate an appropriate spending plan approved by their Governing Body, which will be monitored and challenged by the Local Authority for each financial year, and with the surplus balance determined at each financial year-end, the Local Authority reserves the right to utilise any unallocated excessive surplus balances for redistribution to Bury's Dedicated Schools Grant (DSG)

The Local Authority will ensure there are no financial risks to schools subject to this provision in respect to deficit budgets. A schools multiple year financial plan will be considered and will be used to track and monitor actual school spending activity in each financial year.

Funds deriving from sources other than the Authority will be taken into account in this calculation if paid into the budget share account of the school, whether under provisions in this Scheme or otherwise.

This provision is intended to assist schools in ensuring more effective annual budget management and allows the Local Authority to ensure the best possible outcomes for pupils in school through more robust resource management by its schools utilising the budget allocation for said pupils accordingly.

Footnote:

Schools' Forum should note the proposed change to surplus balance thresholds in line with common practice across all other Local Authorities, and consistent to Ofsted and Department for Education guidance, including the Schools Financial Value Standard (SFVS) requirements