# **REQUEST TO RETAIN SURPLUS BALANCES**

**1. INTRODUCTION**

Following discussion with the Schools Forum and in line with the Scheme for Financing, where schools are projecting to have balances above the threshold of 5%, then the school is required to submit a request for retaining balances to the Authority.

The request:

* should be submitted with the Quarter 3 financial monitoring return or by February half term at the latest;
* will be considered by a Panel made up of officers and members of the Education Resources Group. The Headteacher and Chair of Governors will be required to attend the Panel meeting. The Panel will be held in mid-March, so that schools can be advised of the final decision on whether balances will be recycled or not by year-end.

Where a school does not submit a request to retain balances above threshold, any balances held above the threshold will be recycled.

Where there is a decision to recycle, the school concerned will be able to appeal to the Schools Forum. Any appeals will be heard by a Panel made up of members of the Schools Forum during the latter part of the summer term.

**2. CRITERIA FOR RETAINING BALANCES**

The criteria detailed in the Scheme for Financing is as follows:

*Governing bodies are required to report on the intended use of balances where the total accumulated balances exceed* *5% of that financial year’s budget share. The criteria for retaining balances above these limits are as follows to:*

1. *support prior year’s financial commitments that have not been charged to the accounts by the preceding 31 March,*
2. *fund specific purposes as assigned by the Governing Body and permitted by the Authority, as detailed below, which the Authority is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question without the consent of the Authority.*

*NB: This last provision is intended to ensure that schools can build up reserves towards particular projects, but cannot defer implementation indefinitely.*

*Balances Assigned for Specific Purposes*

*Schools may declare balances to be assigned for specific purposes only within the permitted categories given below. Such declarations must be set out in the minutes of the Governing Body and information on such declarations given to the Authority in a format determined by the Authority. The Authority may take such steps as appropriate to determine that such declarations are properly assigned.*

*Permitted Categories for a maximum of three years\* a reserve to finance planned:*

* *Capital works for the purposes of the school, as set out in the school development plan.*
* *Replacement / refurbishment of equipment/purchase of new equipment, as set out in the school development plan.*
* *Building repairs and maintenance, as set out in the annual maintenance plan.*
* *Or maintain staffing levels in the short/medium term in the face of changing rolls, as set out in the school development plan.*

*Within each permitted category, the commencement of the time indicated will be deemed to be the date of the appropriate declaration in the minutes of the Governing Body.*

1. *Where schools are projecting surplus balances as at 31 March above the 5% threshold:*

*These schools are required to seek the written permission of the Authority on the retention and use of the surplus balances against the criteria for retaining balances, as detailed above. The request must be submitted to the Authority in the first half of the Spring term preceding the end of the financial year.*

*If written permission is not sought or is not within the required timescale, then any balances above the percentages stated in the table below will be recycled.*

*Following a discussion with Education Resources Group, the Authority will confirm if the schools may retain any balances above the stated thresholds.*

*Control of surplus balances*

1. *The Authority shall calculate each year the surplus balance, if any, held by each school as at the preceding 31 March. For this purpose, the balance will be recurrent balance category as defined in the Consistent Financial Reporting Framework;*
2. *Then the prior year’s commitments as reported by the school shall be deducted from the calculated surplus balance. This relates solely to financial commitments that the school has entered prior to the end of the financial year, e.g. placed an order, but the goods or services were not received by 31 March and no invoice has been paid, nor an accrual raised;*
3. *Then the amount assigned for specific purposes as reported by the school and permitted by the Authority (as detailed above) shall be deducted from the calculated surplus balances;*
4. *If the result of steps (a) to (c) above is that the school has surplus balances of more than 5% of the current year’s budget share, then the amount above these thresholds will be deducted from the current year’s budget share.*

*If the school does not send in their information on surplus balances as required under this Scheme and does not provide the LA with a reason for not providing the information then any balance above 5% shall be deducted from the current year’s budget share.*

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

*Funds held in relation to a school’s powers under section 27 of the Education Act 2002 (community facilities) will not be considered, unless added to the budget share surplus by the school as permitted by the LA.*

*Individual schools will continue to have the right to appeal against any decision to recycle their balances. The Schools Forum will consider any appeals. Any balances that are recycled will be added to the Schools Budget in the following financial year.*

**REQUEST TO RETAIN SURPLUS BALANCES**

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| --- | --- |
| **School Name** |  |
| **Name of Person completing the form** |  |

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| **Please explain the background to why the school has balances above the agreed threshold of 5%** |
| **What will be the implication for the school if this request is not agreed? Please include any impact on staffing, pupil outcomes and school environs.** |

**Attach: Original and latest 3 Year Budget Plans to this request:**

**Please complete the table below. Note the Panel may also be provided with any information held by the Authority.**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Purpose / Project** | **Start Date** | **Finish Date** | **2022/23**  **£** | **2023/24**  **£** | **2024/25**  **£** | **2025/26**  **£** | **Reference in in 3Y SIP & Budget Plan** |
|  |  |  |  | **Actual** | **Actual / Projected** | **Projected** | **Projected** |  |
|  | **Total Pupil Nos** |  |  |  |  |  |  |  |
| 1 |  |  |  |  |  |  |  |  |
| 2 |  |  |  |  |  |  |  |  |
| 3 |  |  |  |  |  |  |  |  |
| 4 |  |  |  |  |  |  |  |  |
| 5 |  |  |  |  |  |  |  |  |
| 6 |  |  |  |  |  |  |  |  |
| 7 |  |  |  |  |  |  |  |  |
| 8 |  |  |  |  |  |  |  |  |

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| --- |
| **Please add any other information or reasons for slippage for any of the items listed above.** |
| **Any other comment** |

|  |  |  |
| --- | --- | --- |
|  | **Signed** | **Dated** |
| **Headteacher** |  |  |
| **Chair of Governors** |  |  |

**On completion, please e-mail this form, 3 Year Budget Plans and any other information to Sangeeta Brown, Resources Development Manager:** [Sangeeta.brown@enfield.gov.uk](mailto:Sangeeta.brown@enfield.gov.uk) **and please email a copy to** [schoolfinreturns@enfield.gov.uk](mailto:schoolfinreturns@enfield.gov.uk)**.**