

Scheme for Financing Schools: Directed Revisions

4.2 Controls on Surplus Balances

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

- a) The authority shall calculate by 31st May each year the surplus balance, if any, held by each school as at the preceding 31st March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting Framework;
- b) The authority shall deduct from the calculated balance any amounts for which the school has a prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;
- 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 permitted by the authority, and 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. In considering whether any sums are properly assigned the Authority may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.
- d) If the result of steps a-c is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the authority shall deduct from the current year's budget share an amount equal to the excess.