

**Report to Hartlepool Schools' Forum 9 December 2021
From Amanda Whitehead – Assistant Director Education**

Item 5: Review of Excess Balances Protocol

1. Introduction

- 1.1 The purpose of the report is to review the protocol for excess school balances agreed by Schools' Forum in 2016.

2. Background

- 2.1 The Scheme for Financing Schools includes a protocol for controlling excess school balances.
- 2.2 The Chair of Forum requested a review of the existing protocol.

3. Excess Balances Protocol

- 3.1 Appendix A to this report includes an extract from the Scheme for Financing Schools relating to the Control of Excess School Balances.

4. Recommendations

- 4.1 Forum is asked to
- Note the contents of the report;
 - Review the existing protocol for excess school balances and propose any appropriate changes

Appendix A: Extract from Scheme for Financing Schools

Annex 3: Controls on Surplus Balances

Acceptable Criteria

- a) Expenditure allocations on the areas of “Permissible expenditure” are shown below:-
- (i) Employee Costs
 - (ii) Premises Costs
 - (iii) ICT Expenditure
 - (iv) Supplies and Services
 - (v) Transport Expenditure
- b) Amounts for these items will need to be evidenced in the school budget for the following year, (i.e. the year the balance has been carried forward into), in which they have been earmarked. This will apply to future years for projects that the school is “saving” for. Items must have some specific auditable evidence for amounts to be excluded from the surplus balance calculation, (additional evidence may be needed for projects that are expected to span more than one financial year).
- c) For items of expenditure that the school expects to incur in the next financial year, (i.e. the year the balance has been carried forward into), these items must be included in the schools budget and “signed off” in the “normal” way by the school governors.
- d) For projects that span more than one financial year, or items that the school is “saving” for, the school must have a plan with projected timescales and costs presented to and “signed off” by the school governors.

How earmarked balances are to be accounted for

- e) For in year expenditure schools will need to evidence that they have incurred expenditure as expected. If the full amount cannot be evidenced then any unspent balances earmarked for the setting of these areas will be added back to the surplus balance for possible capping.
- f) For large projects that may span more than one financial year, some slippage may be permissible, but will be subject to review by the Assistant Director Education, Schools’ Forum and reported to Children’s Services Committee.

How earmarked balances are to be reported and monitored

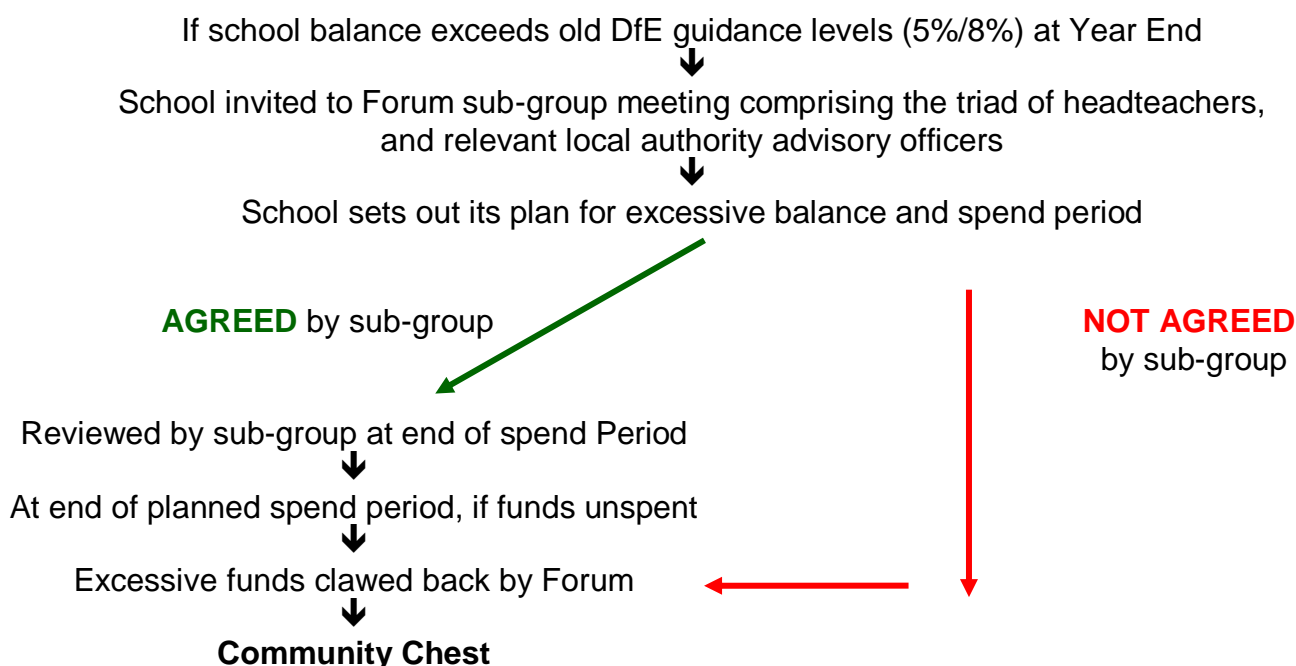
- g) All schools will need to complete a **School Balances Survey and Monitoring Form**, by mid May for the proceeding financial year, (form and exact dates will be provided each year along with the year end timetable). The survey will need to include the following details of all proposed allowable schemes / expenditure in sufficient detail that these returns can be used as a basis for the exclusion of these amounts from the capping scheme:
- (i) Details of the scheme / expenditure and why it is needed
 - (ii) Total cost of the scheme / expenditure
 - (iii) Start and end dates for the scheme / expenditure
 - (iv) Expected quarterly expenditure for the current year and amounts to be spent in future years.

- (v) Evidence that all earmarked balances have been “signed off” by the board of governors
 - (vi) The basis for the calculation for changes in pupil numbers, and set aside for workforce reform.
- h) The information provided by the schools on the School Balances Survey will be reviewed by the Authority and Schools’ Forum in accordance with the scheme.
- i) Schools are also required to update the **School Balances Survey and Monitoring Form** mid year for review by the Assistant Director Education.

Excessive School Balances Protocol

This protocol applies to maintained community, Foundation, Voluntary Aided and Voluntary Controlled schools in Hartlepool. This protocol recognises that schools will already have received financial support in financial planning and monitoring from an external finance officer, governors, a school improvement partner/adviser and the use of financial forward planning software.

This protocol will be managed by a Schools’ Forum triad of three headteachers: a primary headteacher, secondary headteacher and the Chair or Vice Chair of Schools’ Forum. This triad will have delegated authority from Schools’ Forum to make decisions, and will report regularly to Schools’ Forum.



Community Chest to be accessed by school groups that protocol applies to, for projects that will benefit groups of schools to improve teaching and learning, and the outcomes for children and young people. It is anticipated that the **Community Chest** will not be spent on capital projects. Requests for funding support from the **Community Chest** will be debated by members of Schools' Forum that represented the school groups this protocol applies to, and these members will make the decision (on a majority vote basis) on the approval or otherwise of the funding request.

Outline agenda for the Forum sub-group meeting

1. Chair of the meeting agreed from the headteacher triad
2. Introductions and welcome
3. Purpose of the meeting outlined by local authority finance officer
4. Presentation of information by the school
5. Review of information by the sub-group, with questions for the school if appropriate **
Schools departs **
6. Deliberation by the sub-group
7. Decision made by the headteacher triad on a majority basis

School informed of outcome in writing by Chair of headteacher triad within 5 working days.

Suggested evidence that the school may consider tabling at this meeting:

- Previous surveys of school balances
- Minutes of relevant governing body meetings
- Finance/budget monitoring run output
- Budget forward planning documentation
- Asset management plan

Additional suggested evidence that the headteacher triad may consider when arriving at their decision:

- School context, for example size, deprivation
- Committed funds, eg contracts in place
- Current school performance, including Ofsted judgement
- School's vulnerability, eg falling roll, impact of future funding agreements
- Other sources of funding available for future projects
- External validation of evidence provided by the school

This protocol was agreed at a Schools' Forum meeting on **26 April 2016**.

This protocol is due for review by Schools' Forum on an **annual basis**.