

Balance analysis mechanism – Cluster Funds

This paper is by way of clarification of the procedure that came into effect from 1 April 2014, whereby a balance analysis mechanism became applicable to ALL funds held by clusters.

The legitimate purposes that balances may be held for are:-

Cluster general funding:

- To allow clusters to make provision for general cluster staffing costs for the following Summer term. NB Staff cost projections must be attached to the balance analysis form.
- To allow clusters to retain funds for any future costs associated with staffing adjustments for general cluster-related posts e.g. cluster PSA, admin staff etc. The sums carried forward to be a reasonable estimate of the potential redundancy payment due if the post(s) were to be removed.
- To allow clusters to retain any general cluster-related funds earmarked for specific projects. Costed cluster planning documents must be attached to the balance analysis form; however it is recommended that the document is submitted before the financial year end to provide sufficient time for the plan to be scrutinised. The deadline for spending balances carried forward under this category will be the end of the 2015/16 financial year.

NB Any balance of general cluster funds that cannot be justified should be returned to the member schools and would therefore be subject to the analysis of school revenue balances mechanism.

Cluster trading income:

- Surpluses derived from sources other than the cluster SEND budget share or from contributions from cluster member schools to fund general cluster posts e.g. income from provision of activities to other clusters or schools from other clusters etc. The sums retained to be no greater than that received during the year. NB Supporting evidence must be provided with the balance analysis form.

Cluster SEND funding:

- To provide the cluster with a SEND-related contingency funding, the amount not exceeding 8% of the delegated cluster SEND budget for the 2014/15 financial year, or £20,000, whichever is the greater.
- To allow clusters to make provision for SEND-related staffing costs for the following Summer term. NB Staff cost projections must be attached to the balance analysis form
- To allow clusters to retain funds for any future costs associated with staffing adjustments for SEND-related posts e.g. cluster SENCo etc. The sums carried forward to be a reasonable estimate of the potential redundancy payment due if the post(s) were to be removed.
- To allow clusters to retain any SEND-related funds earmarked for specific projects linked to improving outcomes for identified pupils. Costed cluster planning documents must be attached to the balance analysis form. This category can only be used in exceptional circumstances.

NB Cluster SEND capacity and development funding is included in the categories above.

Cluster additional in-year funding, outside the capacity and development fund:

- Any additional SEND funding allocated to clusters by the Local Authority after the 1 January each year is outside the balance analysis mechanism.

Any balances falling outside these categories will be returned to the Authority.