

**Balance Control Mechanism (BCM) – Balances which exceed Schools' normal 5% or 8% Rollover limit (excluding Special Schools and Pupil Referral Units)**

Section 4.1 of the Scheme for Financing Schools gives procedures for the treatment of surplus and deficit balances arising in relation to budget shares. This is Kent's Balance Control Mechanism (BCM).

The maximum allowable surplus cash limit for the end of March 2015 is 5% for secondary schools and 8% for primary schools of the year's income to March 2015. Special Schools and Pupil Referral Units are excluded from the BCM process.

The BCM form below has been created to assist you to determine the amount your BCM will be at the end of the year. This form has now been included in the nine month returns to the Local Authority and will need to be completed each year.

Completing the form will inform/detail whether there is need to exceed your maximum allowance, for instance, where your school has a capital project and there is a need for a contribution from revenue to capital as detailed in the three year plan. You will need to ensure any amount over your maximum allowance is assigned for specific purposes as you will be asked to detail this on your year-end analysis form.

**All supporting evidence should be retained in the school. To help schools and also to reduce bureaucracy the LA do not require documentation unless the school is notified.**

Examples of criteria permitted by the LA for excess surplus balances are:

- Contribution to capital projects
- Late allocations
- Outstanding collaboration money
- Other grants - eg teaching schools

The Local Authority will **not** be sending out prior approval for any excess balances.

As part of the year end returns, schools will be expected to complete the year-end analysis form with details of all the committed revenue balances over the BCM limit.

Throughout the 2015/16 financial year this will be analysed by Schools Financial Services via the statutory returns and schools will be expected to spend any 2014/15 BCM excess prior to the end of March 2016. Any school that does not spend their excess on the stated purpose will need to produce documentation for a panel decision to determine whether the money can be kept by the school or clawed back by the Local Authority. **The panel will consist of members of Delegated Formula Funding Group.**

**If you have any queries please contact Schools Financial Services on 03000 415 415.**