

CARRY FORWARD (SCHOOLS) GUIDELINES

Implementation document for Carry Forward (Schools) policy

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1 Introduction

This document informs school and corporate staff responsible for school finances of the treatment of unspent State Consolidated Fund at the end of each school year. These guidelines are to be read in conjunction with the [Carry Forward \(Schools\) policy](#).

Principals are expected to manage their annual budget allocation to achieve the strategic directions and improvement measures set within their school's Strategic Improvement Plan.

Funds allocated via the Schools Budget Allocation Report (SBAR) process should be spent within the calendar year in which they were received to uplift learning outcomes for students enrolled in that year.

Each school receives a new budget allocation each year, regardless of whether they fully expend the prior year's budget allocation. Not spending the allocated funds at the end of the school year poses a risk to achieving improved student learning and wellbeing outcomes.

The Carry Forward (Schools) policy presents a new way of operating for schools. Transitional arrangements are in place to help schools:

- manage the State Consolidated Accumulated Balance
- adjust to ensuring that budget allocations are spent within year, by providing a small automatic carry-forward component for the first 4 years of the policy's operation.

Throughout the transition period, schools must work with their Director, Educational Leadership to manage potential underspends/overspends within their existing budget, and to request carry forwards only in exceptional circumstances.

These guidelines will help schools work through the requirements of the [Carry Forward \(Schools\) policy](#).

1.1 Definitions

State Consolidated Fund (Fund 6100) refers to all money schools receive in the annual School Budget Allocation Report (SBAR), as well as budget adjustments, intercompany journals and sundry tax invoices received throughout the year.

Carry forward refers to the process of transferring unspent State Consolidated Funds from the end of one school year to the beginning of the following school year.

Automatic carry forward refers to the capped amount that schools can carry forward from Fund 6100 without requesting approval.

State Consolidated Accumulated Balance refers to the balance of Fund 6101.

Operating expense budget is defined as the SBAR adjustments allocation, excluding all staffing amounts in the base school allocation (base, targeted and other).

2 State Consolidated Accumulated Balance

2.1 Determining the Fund 6101 balance

Each year, schools are allocated an annual budget via the Schools Budget Allocation Report (SBAR) process, with these funds allocated to Fund 6100 State Consolidated Fund. Fund 6100 may also be supplemented with budget adjustments, intercompany journals and sundry tax invoices received throughout the year. The balance remaining in Fund 6100 at the end of the school year will no longer roll over into the following year's operating balance.

The balance in Fund 6101 comprises:

- positive balances in Fund 6100 as at December 2020 that were transferred into Fund 6101
- any additional amounts carried forward in accordance with section 5 of these guidelines.

From January 2021, Fund 6101 Consolidated Fund Carry Forward is available to support schools to identify and track their State Consolidated Accumulated Balance.

Schools must ensure there are adequate funds available in Fund 6101 before posting transactions. When the Fund 6101 balance reduces to zero, schools must stop transacting against that fund.

The balance held in Fund 6101 will be available to schools up until December 2024. During this time, the balance of Fund 6101 held by schools will automatically carry forward each year. This automatic process will cease at the end of December 2024, when unused 6101 funds will be centralised. From 2024 onwards, unspent balances in Fund 6101 will be fully centralised at end of each year.

Schools are expected to spend all their accumulated state funds held in Fund 6101 by the end of year 2024. That includes any additional amounts placed into Fund 6101 over the period 2021 to 2024.

Schools will only be allowed to request to carry forward any unspent Fund 6101 balance beyond December 2024 in exceptional circumstances. The Chief Financial Officer may approve requests on a case-by-case basis.

2.2 Using funds from Fund 6101

Schools are expected to use Fund 6101 to meet student learning and wellbeing needs and to improve student learning outcomes.

Schools must align the use of these funds with the strategic directions and improvement measures identified in their school Strategic Improvement Plan.

2.3 What does this mean for schools?

Schools must:

- not transfer funding from other fund sources into Fund 6101
- not spend the balance in Fund 6101 on activities that will lead to additional ongoing future costs, such as employing additional permanent staff.

2.4 What resources are available for developing a spending plan?

There are a range of resources available to support principals to align school resources to initiatives that improve student outcomes, including effectively using needs-based and other funding. These include:

- Carry Forward Series Webinars – information and advice on schools Carry Forward policy highlights, and on using budget and creating action plans to lift student learning outcomes
- The SBAR essentials – advice and best-practice examples on how to spend SBAR funding effectively
- The SBAR Resource hub – a central repository to help schools develop their budget, by providing key information and best-practice examples
- School Excellence in Action – Effective use of funding and resources – helps schools align their resources with school initiatives to ensure the maximum impact on students' outcomes
- School Excellence in Action – Effective improvement measures and strategies – advice on planning for effective improvement measures and evidence-based strategies, taking into account the diversity and complexity of student cohorts, and the curriculum priorities for literacy and numeracy.

3 Accessing Fund 6101 for capital purposes

To purchase assets using funds from Fund 6101, schools must use the new capital Fund 6501 Recurrent Capital Carry Forward.

Each school with an opening balance in Fund Code 6101 at the start of 2021, will have a Capital School Asset WBS code CSA/XXXX00-40 created and ready for use (XXXX represents school code, and the -40 at the end of the WBS code represents funding from Fund 6101).

3.1 School self-managed capital projects

In line with existing asset processes, when schools self-manage their own capital project, schools must request a Capital School Project WBS code.

If the funding for the capital project comes from Fund 6101, schools should receive a WBS code represented by CSP/XXXX01-40 (see [Create a capital schools project and related WBS elements for a constructed asset – QRG](#)).

For capital projects funded from multiple funding sources, including Fund 6101, schools must use the [existing asset and settlement](#) rules and allocate proportions to each relevant funding source. When using funds from:

- Fund 6100, settle the asset using WBS code ending with -10
- Fund 6300, settle the asset using WBS code ending with -30
- Fund 6101, settle the asset using WBS code ending with -40.

3.2 Asset Management Unit managed capital projects

If an Asset Management Unit (AMU) managed capital project is using funds from Fund 6101, and the project spans multiple years beyond 2024, schools must ensure the full cost of the project is paid to the AMU before December 2024.

For support on this process, schools need to contact their AMU officer. If the AMU officer can't resolve the issue, the AMU officer will contact their Schools Infrastructure NSW finance officer.

3.3 Further information on capital projects

Further information can be found in the following links:

- [Joint Funding of Capital Works in Schools Policy](#)
- [Projects, acquisitions and capitalisation.](#)

4 Fund 6100 – Opening balances centralised from January 2022

Beginning January 2022, unspent 6100 funds from the previous school year will be centralised, except for the transition arrangements outlined in section 5.

5 Carry-forward

The Carry Forward (Schools) policy requires that all 6100 funds are to be spent within the calendar year in which they are received. Schools are encouraged not to underspend to save or accumulate funds.

Schools may carry forward some unspent 6100 funds to the following year through:

- automatic carry forward – this only applies at the end of years 2021 to 2024
- exceptional circumstances carry forward.

5.1 Total carry-forward cap

Total carry forward (automatic plus exceptional circumstances carry forward) at the end of any year can never exceed the closing balance of 6100 for that year.

Example: The automatic carry forward for a school is calculated at \$18,000. However, the closing balance of their Fund 6100 was only \$7800. Their carry forward to the following year will be \$7800. The school would not be eligible to apply for any exceptional circumstances carry forward.

5.2 Automatic carry forward

As part of transition arrangements, the Carry Forward policy allows for a small automatic carry forward amount per school, to help schools adjust to new ways of operating.

During the first 4 years of the policy's operation, a small amount of each year's Fund 6100 balance will automatically carry forward into Fund 6101.

Table 1 Automatic carry forward amount over 4 years

Year	Automatic carry forward amount
Year 1	At the end of December 2021, schools will carry forward unspent funds to the value of 3% of their SBAR Adjustments. The automatic carry forward is capped at a maximum of \$100,000, with a floor limit of \$15,000 per school. The total carry forward amount is also capped at the school's closing balance in Fund 6100, as described in section 5.1.
Year 2	At the end of December 2022, schools will carry forward unspent funds to the value of 3% of their operating expense budget. The automatic carry forward is capped at a maximum of \$50,000, with a floor limit of \$10,000 per school. The total carry forward amount is also capped at the school's closing balance in Fund 6100, as described in section 5.1.
Year 3	At the end of December 2023, schools will carry forward unspent funds to the value of 2% of their operating expense budget. The automatic carry forward is capped at a maximum of \$40,000 with a floor limit of \$5,000. The total carry forward amount is also capped at the school's closing balance in Fund 6100, as described in section 5.1.
Year 4	At the end of December 2024, schools will carry forward unspent funds to the value of 1% of their operating expense budget. The automatic carry forward is capped at a maximum of \$30,000 with a floor limit of \$5,000. The total carry forward amount is also capped at the school's closing balance in Fund 6100, as described in section 5.1.

Table 2 provides examples of how the caps are applied in year 2. In scenario 1, the 3% of operating expense budget is less than the automatic carry forward cap, so that is the amount of automatic carry forward. In scenario 2, 3% of operating expense budget is above the automatic carry-forward cap, and so that cap is applied. In scenario 3, the 3% of operating expense is above the automatic carry forward cap, but also above the Fund 6100 closing balance, in which case the total carry forward cap is applied.

Table 2 Examples of how year 2 caps are applied

Scenario	School's 2022 operating expense budget	3% of operating expense budget	Automatic carry forward cap	School's Fund 6100 closing balance at Dec 2022	School's automatic carry forward at Jan 2023
1	\$1,000,000	\$30,000	\$50,000	\$30,000	\$30,000
2	\$2,500,000	\$75,000	\$50,000	\$60,000	\$50,000
3	\$3,000,000	\$90,000	\$50,000	\$7,000	\$7,000

Table 3 provides examples of how the automatic carry forward floor is applied in year 2. In scenarios 1 and 2, the 3% of operating expense budget is below the floor limit, and so those schools would both receive the floor limit. In scenario 3, the 3% of operating expense budget is below the floor limit, but above the Fund 6100 closing balance, in which case the total carry forward cap is applied.

Table 3 How year 2 automatic carry forward is applied

Scenario	School's 2022 operating expense budget	3% of operating expense budget	Floor limit	School's Fund 6100 closing balance at Dec 2022	School's automatic carry forward at Jan 2023
	\$300,000	\$9,000	\$10,000	\$17,100	\$10,000
2	\$280,000	\$8,400	\$10,000	\$16,000	\$10,000
3	\$200,000	\$6,000	\$10,000	\$4,200	\$4,200

All other unspent funds from Fund 6100 will be centralised, unless an exceptional circumstances carry forward request is approved by the Chief Financial Officer (see [section 5.3](#)).

5.3 Exceptional circumstances carry forward

Schools may apply to carry forward unspent funds from Fund 6100 only where exceptional circumstances exist.

Exceptional circumstances are unusual circumstances, typically beyond the school's control, that prevent or delay the use of operational funds in a given year in such a way that cannot be managed by the following year's school budget allocation. Applications for exceptional circumstances carry forward will be approved only in rare and truly exceptional cases. Repeated applications for the same reason will typically not be approved.

Schools may apply to carry-forward unspent 6100 balances where all of the following conditions are met:

- the requested carry-forward amount exceeds the automatic carry-forward
- the total carry forward (automatic carry forward plus the requested exceptional circumstances) is not greater than the closing balance of Fund 6100
- the school has spent more than 50% of the balance placed into Fund 6101 at the beginning of 2021.

Requests to carry forward 6100 funds must be made in the form determined by the Chief Financial Officer. The Chief Financial Officer will consider and approve requests to carry forward 6100 funds at their sole discretion. The Chief Financial Officer may consult with School Infrastructure NSW or the relevant Director, Educational Leadership regarding any application for exceptional carry forward. Approval to carry forward 6100 funds in excess of the automatic carry forward will only be granted in exceptional circumstances.

Applications for carry forward must support student learning outcomes, clearly outline the purpose for using accumulated funds, and be aligned to achieving the strategic directions and improvement measures set within a school's Strategic Improvement Plan.

Schools do **not** need to apply for exceptional circumstances carry forward for the following:

- unspent funds from other fund codes
- the balance of Fund 6101 at year end 2022 or 2023
- Asset Management Unit projects approved in Term 1 to Term 3 of the current year, but not yet invoiced
- amounts falling within the automatic carry forward transition arrangements (see [section 5.2](#)) prior to December 2024.

6 Consumption rules for Funds 6101 and 6501

Consumption rules are applied monthly. Corporate Finance perform this function as part of month end processes.

Consumption will affect end of month funds available balances displayed in the Schools Overview Report when applied, by realigning the balances of some funds as per the consumption rules.

7 Further support

For further support on the Carry Forward (Schools) policy, please see [Schools Finance](#).