

CARRY FORWARD (SCHOOLS) GUIDELINES

Implementation document for Carry Forward (Schools) policy

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Contact: Financial Excellence, Finance directorate

Email: FinanceExcellence@det.nsw.edu.au

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Contents

Document history	2
Contents.....	3
1 Introduction	4
1.1 Definitions.....	4
2 State Consolidated Accumulated Balance.....	5
2.1 Determining the Fund 6101 opening balance at January 2021.....	5
2.2 Using funds from Fund 6101.....	5
2.3 What does this mean for schools?	6
2.4 What resources are available for developing a spending plan?.....	6
3 Accessing Fund 6101 for capital purposes	6
3.1 School self-managed capital projects.....	6
3.2 Asset Management Unit managed capital projects.....	7
3.3 Further information on capital projects	7
4 Fund 6100 – Opening balances centralised from January 2022	7
5 Transition – the automatic carry forward amount – 2021 to 2025.....	7
5.1 How are the automatic carry forward amounts applied?.....	8
6 Consumption rules for Funds 6101 and 6501	9
7 Carry forward applications from 2021 – Fund 6100	9
8 Further support.....	9

1 Introduction

This document aims to help school and corporate staff responsible for school finances understand the correct 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 Policy \(Schools\)](#).

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 are expected to 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. Retaining, or 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 Policy presents a new way of operating for schools. Transitional arrangements are in place to help schools:

- manage the State Consolidated Accumulated Balance held as at January 2021 (previously known as 'Opening Balance')
- adjust to ensuring that budget allocations are spent within year, by providing a small automatic carry-forward component for the first four years of the policy's operation.

Throughout the transition period, schools will need to 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 Policy \(Schools\)](#).

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 in Fund 6100 without requesting approval.

State Consolidated Accumulated Balance refers to the closing balance in Fund 6100 as at December 2020, which became the opening balance in Fund 6101 Consolidated Fund Carry Forward as at January 2021.

2 State Consolidated Accumulated Balance

2.1 Determining the Fund 6101 opening balance at January 2021

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. 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, except for the transition arrangements outlined at [section 5](#).

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

Positive balances in Fund 6100 as at December 2020, have been transferred into Fund 6101.

Any nil or negative balance held in Fund 6100 as at December 2020 has been retained as the 2021 opening balance in Fund 6100, to be offset by annual SBAR allocations.

As part of transition arrangements, schools will have four years to spend down the balance of Fund 6101, noting that:

- schools must use these funds to improve student learning and wellbeing outcomes in accordance with the school's strategic directions
- where possible, schools should spend these funds evenly (25% each year) throughout the next four years, beginning in 2021. [Section 3](#) provides advice on how to spend these funds.

Schools are to ensure they have their Director, Educational Leadership's support before executing plans to spend against Fund 6101.

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 Finance directorate regularly monitors the balance in Fund 6101 to ensure schools do not overspend.

The balance held in Fund 6101 will be available to schools up until December 2024. During this time, the balance 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.

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 will assess each request 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 are to 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:

- plan and spend the Fund 6101 balance evenly across the 4-year period where practicable
- not transfer funds from other fund sources into Fund 6101, as the Fund 6101 balance is not permitted to increase
- not spend the balance in Fund 6101 on activities that will lead to additional ongoing future costs, such as employing additional permanent staff
- ensure that Fund 6101 does not become overdrawn or slip into a negative balance.

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 will need to 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 [How to request for a project and WBS 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:

- [School or Community Funded Capital or Asset Related Works 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.

Fund 6101 will not be increased or topped up from other funds sources, except where Fund 6101 has a negative balance. In this circumstance, consumption rules will be applied, as outlined in [section 6](#).

5 Transition – the automatic carry forward amount – 2021 to 2025

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 four years of the policy's operation, a small amount of each year's Fund 6100 balance will automatically carry forward into the next year's opening balance (Table 1).

The automatic carry forward provision will be reviewed after it has been in operation for 12 months.

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 Adjusted. For schools with large budgets, the automatic carry forward is capped at a maximum of \$100,000, while schools with small budgets will automatically carry forward up to \$15,000 per school. The automatic carry forward amount is also subject to the school's closing balance in Fund 6100, further explained 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 Operational Expenditure Budget (operational funding component in the SBAR Adjusted). For schools with large budgets, the automatic carry forward is capped at a maximum of \$50,000, which schools with small budgets will automatically carry forward up to \$10,000 per school. The automatic carry forward amount is also subject to the school's closing balance in Fund 6100, further explained 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 Operational Expenditure Budget (operational funding component in the SBAR Adjusted). For schools with large budgets, the automatic carry forward is capped at a maximum of \$40,000, while schools with small budgets can automatically carry forward up to \$5,000 per school. The automatic carry forward amount is also subject to the school's closing balance in Fund 6100, further explained in section 5.1 .

Year	Automatic carry forward amount
Year 4	At the end of December 2024, schools will carry forward unspent funds to the value of 1% of their Operational Expenditure Budget (operational funding component in the SBAR Adjusted). For schools with large budgets, the automatic carry forward is capped at a maximum of \$30,000, while schools with small budgets can automatically carry forward up to \$5,000 per school. The automatic carry forward amount is also subject to the school's closing balance in Fund 6100, further explained in section 5.1 .

5.1 How are the automatic carry forward amounts applied?

The annual automatic carry forward amount is calculated based on a percentage of the budget (SBAR Adjusted) and will therefore vary from year to year depending on the budget each school receives.

A cap has been placed on larger school budgets, to affirm the need to spend funds on this year's students. If a school's closing balance exceeds the automatic carry forward cap, the following year's opening Fund 6100 balance will reflect the maximum amount that can automatically carry forward.

Table 2 provides examples of how the automatic carry forward amount is calculated for a larger school.

Table 2 Applying the automatic carry forward cap in Year 1 – large school budgets

Scenario	School's 2021 SBAR Adjusted	3% of SBAR Adjusted	Cap limit	School's Fund 6100 closing balance at Dec 2021	School's opening balance at Jan 2022
1	\$4,000,000	\$120,000	\$100,000	\$87,000	\$87,000
2	\$4,500,000	\$135,000	\$100,000	\$123,000	\$100,000
3	\$5,100,000	\$153,000	\$100,000	\$7,000	\$7,000

The floor amount referred to in the Carry Forward Policy is intended to support schools with smaller budgets (below \$500,000) to transition to new ways of working under the policy. These schools are able to automatically carry forward up to the floor amount in year one, if the school's closing balance allows.

Table 3 provides examples of how the automatic carry forward amount is calculated for a small school budget.

Table 3 Applying the automatic carry forward floor in Year 1 – small school budgets

Scenario	School's 2021 SBAR Adjusted	3% of SBAR Adjusted	Floor limit	School's Fund 6100 closing balance at Dec 2021	School's opening balance at Jan 2022
1	\$500,000	\$15,000	\$15,000	\$17,100	\$15,000
2	\$480,000	\$14,400	\$15,000	\$16,000	\$15,000
3	\$320,000	\$9,600	\$15,000	\$1,200	\$1,200

All other unspent funds from Fund 6100 will be centralised, unless an approved carry forward request is in place (see [section 7](#)).

6 Consumption rules for Funds 6101 and 6501

[Consumption rules](#) realign balances across funds at the end of each month and are important for addressing any negative funds balances. The process is applied centrally, according to pre-defined rules.

The consumption rules apply to both Fund 6101 and Fund 6501 Recurrent Capital Carry Forward.

When the consumption rule is applied at the end of each month, the funds consumed against the Capital Fund 6501 are offset against Fund 6101 to return the capital fund balance to zero. This is similar to the treatment for other capital fund codes.

If the balance in Fund 6101 is negative at the end of a month, the consumption rule process will transfer funds from Fund 6100 to bring Fund 6101 to a zero balance.

Note that if Fund 6100 is overspent, and Fund 6101 has a positive balance, the positive Fund 6101 balance will offset the overspend but will not take Fund 6101 into negative.

7 Carry forward applications from 2021 – Fund 6100

The Carry Forward policy requires that all funds are to be spent within the calendar year in which they have been received.

Schools are encouraged not to underspend to save or accumulate funds. If exceptional circumstances exist, schools may apply to carry forward unspent funds from Fund 6100.

Applications to carry forward balances from Fund 6100 State Consolidated Fund that exceed the automatic carry forward limits must be supported by the school's Director, Educational Leadership before submission.

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.

Where schools have not spent their approved carry forward from Fund 6100 in the year after approval, they must re-apply to carry forward this amount for another year. Otherwise, the unspent approved carry forward amount will be centralised at the end of the school year.

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

- unspent funds from other fund codes
- the balance of Fund 6101 prior to December 2024
- approved Asset Management Unit projects not yet invoiced
- amounts falling within the automatic carry forward transition arrangements (see [section 5](#)) prior to December 2024.

8 Further support

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