

FINANCE DIRECTOR
Gary Fair



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Dear Chairpersons and Principals

2017-18 Education Financial Planning

I am writing in response to a number of letters that I have recently received from some principals and parents (in light of the content of my letter of 15 March 2017 and the Secretary of State's subsequent statement on the 24 April 2017) expressing concerns about the financial pressures that schools are facing this year.

While I acknowledge these concerns, I would reiterate that, in my letter of 15 March, schools were not being asked to review their plans for 2017-18 on the basis of any imposed cuts. However, the circumstances of individual schools may be such as to require difficult decisions to be made in advance of or at the start of the year, as is the reality for all public funded bodies in the current financial climate. For certain schools, this might include making use of the Strategic Cost Reduction Programme as required, or, reviewing how the curricular needs of pupils are met through greater engagement with other schools in the local area. To assist schools from a planning perspective, indicative Common Funding Formula figures were therefore provided, based on the 2016-17 opening budget position adjusted only to reflect changes in demographics between years.

Although the Secretary of State announced indicative budget positions for all departments on 24 April, no decisions have yet been taken as to how this will impact on the various elements of the education budget in advance of decisions being taken by an incoming Minister.

While I appreciate that the majority of schools will continue to exercise budgetary discretion and firm financial management, some principals have indicated that, even in doing so, they may be forced into deficit positions. However, what is of more concern is that some have also stated that they will be planning for deficit budget positions over the next three years, even where some of the affected schools are currently in surplus. I would therefore draw your attention to the *Guidance on Financial Arrangements (controlled and maintained schools)* which clearly states that deficits (as well as large

surpluses) must be avoided. The *Guidance* further states that no school may plan for a deficit without the consent of the Education Authority.

Therefore, while the responsibility for agreeing a financial plan rests, first and foremost, with the Board of Governors in each school, it is important that, following their robust review and challenge, any outstanding concerns are immediately brought to the attention of the Education Authority to ensure that any actions that can be taken, are taken, to avoid such situations arising.

I would be grateful if you could share the content of this letter with parents.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gary Fair', with a stylized flourish above the name.

GARY FAIR