

2024 Cash guidance for schools

Background

The Department of Education (the department) provides annual funding to government schools using the approved School Resourcing Model (SRM) methodology. Each school determines the split of funding to be retained by the department in the school's department held cost centre or transferred to the school body bank account – cash budget. Principals receive a preliminary funding allocation in October for the following school year and a final funding allocation in Semester 1 of the budget year.

The School Resourcing Model has four funding components:

- Facility funding to meet the cost of essential services, property management and non-urgent minor repairs (NUMR) for the school.
- Variable funding, which is the largest portion of funding, is used to support the payment of Northern Territory Public Sector (NTPS) school staff. The amount taken as cash varies from school to school. There are two components of variable funding the Student Needs Based Funding component:
 - the School Operations cost centre
 - the Student with Disability cost centre.
- Targeted funding is provided to a number of schools for specific programs. A large amount of the targeted funding is for students with a disability. Schools with high numbers of students with complex disabilities generally have a different staffing ratio and higher funding which may impact the cash grant relevant to the funding compared with other mainstream schools.
- Centrally managed funding is held by the department to cover centrally managed school costs such as remote allowances, study leave and principal salaries.

Schools provide information on their workforce, operational costs, and cash payments through the submission of annual planning scenarios – after preliminary funding, and projection scenarios –after final funding through the SRM Management System (SRMMS). The cash elections are made by schools during this budget planning and submitted to the department by November and April each year. Cash requests can be made for Semester 1 and Semester 2 against each SRM funding component listed above.

Principals are accountable for planning and managing their school's activities within available resources for their current students. Principals should spend their funding for current students, in line with the school's strategic and operational plans.

The department has observed a continued increase in school bank account balances. To improve the utilisation of annual funding, in 2023 the department has provided guidance to schools on a capped 10% cash grant excluding fixed funding.

Key facts

- Schools are recommended to take no more than 10% of their annual SRM funding excluding fixed as cash. This means that schools may choose to take greater than 10% against an individual funding line such as Student with Disability (SWD) and less in another to remain within 10% overall.

- In November, schools will make a cash election for Semesters 1 and 2 of the following year based on preliminary budget planning.
- Annual cash requests above the recommended 10% can be made during preliminary or final funding. Comments on the additional cash requirement are to be included in the SRMMS notes section.
- Following final funding, a school may have an overall increase in funding available. In these instances, a school may increase their Semester 2 cash payment and still be within the recommended 10%. Additionally, if the overall funding decreases, a school may reduce their Semester 2 cash to remain within 10%.
- If an additional cash payment is required outside of the two SRM submission points, preliminary and final, schools can lodge an optional projection scenario. If the additional cash payment will increase the overall cash request to above the 10% threshold, then the additional workflow below will need to be followed. Optional projection scenarios need to be submitted before the end of October.
- Any additional cash above 10% must be spent within the current calendar year and aligned to key strategic priorities.

Additional cash workflow

School identifies a requirement for additional cash (above 10%)

During preliminary funding or at final funding

- Principal and Business Manager (BM) review resource requirements for the school and identify cash needs.
- Incorporate amount required across Semester 1 and Semester 2 in the School Resource Model Management System (SRMMS)
- Advice is sought from the school Financial Improvement Manager as required.

- Principal enters narrative into the SRMMS notes tab including:
 - confirmation funds will be utilised in the current calendar year and
 - funds align to school priorities

- Financial Improvement Manager reviews submission and seeks endorsement from the Senior Director Education for the additional cash.

- Funds are paid to school bank account

In Semester 2, following final funding submissions

- Principal and Business Manager (BM) identify a need for additional cash and submit an optional projection scenario in SRMMS.
- Principal and BM discuss additional cash requirements with their school Financial Improvement Manager and Senior Director (SD) Education.
- SD Education approves for school to progress with a formal submission for cash.
- If SD Education does not approve, optional projection scenario is returned to school.

- Financial Improvement Manager provides a memo template for school principal use.
- Principal completes and forwards to CFO

- Chief Financial Officer Education Approve/Not Approve the request.
- FIM notifies Principal of outcome and if approved, escalates the optional projection scenario for payment

- Funds are paid to school bank account