SA Independent Schools Block Grant Authority Inc
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FINANCE GROUP GUIDELINES

1. Background

The Finance Group assist the BGA Committee by evaluating the financial need of each school that applies for a Capital Grant in any given round of funding.

Members of the Group include:

- *Chairperson* who is currently a member of the BGA Committee and Management Committee with Financial Management experience in a school
- *Group Member* who is currently a Business Manager from a school that has had experience regarding applications for Capital Grants
- *Group Member* who has been a Business Manager and or has had significant experience in regarding financial evaluations.

The groups meets and reports:

- after the Educational Need grading has been determined by the committee as a result of the School visits
- after the Stage 4 applications have been received, to consider the financial impact of any changes in Total Project Costs, Grant requests, and the schools' financial forecasts
- whenever asked by the Committee to assist with finalising recommended Grants.

2. Purpose

The purpose is to assess whether a school has maximised its School Contribution (SC) as required by the CGP Guidelines, (*Settlement of school contribution and grant sizes, Sections 109 – 112*), and whether a school's financial viability would be threatened by undertaking its Proposed Project in the current round. When assessing SC the group should consider future projects as identified in the school's Master Plan in regard to maximising the school contribution.

Schools provide data for the previous year and budget/forecasts for a further 5 years.

3. Gradings and Considerations

Where available Financial Benchmarking is requested to assist with deliberations.

A grading of A to D* is used to signify the following:

- A – the school is maximising its SC. There are no surplus cash reserves, and it cannot borrow more funds because it has reached its facility limit or cannot service more debt.
- B – the school is nearing its maximum SC but can increase it by a nominated amount using cash reserves and/or additional borrowings
- C – the school can increase its SC by a material amount using cash reserves and/or additional borrowings
- D – the school has sufficient cash reserves and/or capacity to borrow to cover its grant request without affecting its financial viability
- D* - there is a risk that proceeding with the proposal would diminish the school's financial viability.

4. Schools with zero percent capacity to contribute

The following is an extract from the document “Use of Recurrent Funding Guide”.

The restrictions on the use of recurrent funding for capital purposes do not apply to approved authorities for schools that have a capacity to contribute of zero per cent.

The following schools have zero capacity to contribute (as noted under section 54 of the Act):

- *all government schools*
- *special schools*
- *special assistance schools*
- *sole provider schools*
- *majority Aboriginal and Torres Strait Islander schools for a year*

These schools may use recurrent funding for purchasing land or buildings, the construction of buildings, or parts of buildings, capital improvements, or any related loan, credit or other arrangements (including interest repayments), providing it is for the school and for the purpose of providing school education.

5. Reporting

The Chairperson of the Finance Group prepares a report outlining deliberations for each project and what the perceived financial need is and recommends a Financial Need grading and changes to the BGA Grant amounts requested, to fairly allocate the estimated total funds available.

6. Related Polices

Allocation and re-allocation of Capital Grant Funding

Approved: 11 May 2022
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