

**Jeremy Miles AS/MS**  
**Gweinidog y Gymraeg ac Addysg**  
**Minister for Education and Welsh Language**



**Llywodraeth Cymru**  
**Welsh Government**

Peredur Owen Griffiths MS  
Chair, Finance Committee  
SeneddFinance@senedd.wales

11 July 2023

Dear Peredur,

Finance Committee met on 21 June 2023. Question 10 asked whether assurances that the funding provided in the supplementary budget is sufficient to cover cost pressures to schools.

During the evidence session, the Minister for Finance and Local Government agreed to ask me to provide a note on school budget overspends and whether any deficit can be carried forward into the next financial year. This letter provides my response to this query.

The School Funding (Wales) Regulations 2010 (the regulations) state that local authority financing schemes must set out terms relating to the carrying forward from one funding period to another of surpluses and deficits arising in relation to schools' budget share.

A governing body has no legal right to set a deficit budget without the consent of the authority and should not presume that such consent will be granted. Each authority is responsible for its own financing scheme and is likely to consider approving a deficit budget for a school in certain circumstances.

Where schools have large deficits local authorities should be working closely with them to ensure that they are brought back to a modest surplus as soon as possible. Schools in deficit should have a robust recovery plan in place and this should to be agreed and monitored by the authority.

Yours sincerely,

**Jeremy Miles AS/MS**  
**Gweinidog y Gymraeg ac Addysg**  
**Minister for Education and Welsh Language**

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Jeremy.Miles@llyw.cymru](mailto:Gohebiaeth.Jeremy.Miles@llyw.cymru)  
[Correspondence.Jeremy.Miles@gov.wales](mailto:Correspondence.Jeremy.Miles@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.