

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO EACH MEMBER OF THE
SCHOOLS FORUM**

20 November 2017

Dear Member

SCHOOLS FORUM - Monday 20 November 2017

Further to the Agenda and papers for the above meeting, previously circulated, please find attached the following:-

9. Update on School Surplus Balances

To receive an update on the 2016/17 Schools surplus balances.

Should you have any queries regarding the above please contact Sandra Hobbs, Senior Committee Services Officer on Tel: 0300 300 5257.

Yours sincerely

Sandra Hobbs
Senior Committee Services Officer
email: sandra.hobbs@centralbedfordshire.gov.uk

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Meeting: Schools Forum
Date: 20 November 2017
Subject: School Surplus Balances
Report of: Director of Children's Services
Summary: To update the Schools Forum on the 2016/17 Schools surplus balances

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS:

- 1. To note latest update on Schools holding excess surplus balances and comment on next steps.**

Background

1. Central Bedfordshire Council's (the LA) Scheme for Financing Schools is based on the legislative provisions in sections 45 – 53 of the School Standards and Framework Act 1998 (the Act) and the School and Early Years Finance (England) Regulations 2017 (the regulations). Under this legislation, the Department for Education (DfE) will determine on an annual basis, the minimum size of the Schools Budget, through the Dedicated Schools Grant (DSG). The Local Authority (LA) will determine the actual level of the Schools Budget and their non –schools education Budget.
2. The LA may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under Section 45A of the Act. The amounts to be retained centrally are decided upon annually by the LA, subject to any limits or conditions prescribed by the Secretary of State and any amounts that have to be agreed by the Schools Forum. The balance of the Schools Budget remaining after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).
3. The LA will not retain any unallocated reserve within the ISB but must distribute the ISB amongst all maintained schools, using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act.
4. The financial controls within which delegation works are set out in Central Bedfordshire Council's Financial Regulations for Schools in accordance with Section 48 of the Schools Standards and Framework Act (1998) and approved by the Secretary of State.

5. The LA may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.
6. Schools must satisfy the minimum requirements with regard to financial controls, procedures and systems in operation so far as necessary for the discharge of the S. 151 Officer responsibilities under Section 151 of the Local Government Act 1972. As this involves all financial records being maintained in school, these documents become the prime record and, therefore, are subject to a more rigorous LA and external audit.

Schools excess balances

7. The School Consistent Financial Return (CFR) submission distinguishes school balances between Revenue balances between committed (B01), uncommitted (B02) and community focused reserves (B06). The balance control mechanism was re-introduced into the Scheme for Financing Schools for 2016/17, section 4.2 defines excess uncommitted balances as:

10% (Secondary and Special) or 15% (Nursery and Primary) of the current years' individual school budget share.

8. Following the completion of the 2016/17 financial year accounts and the submission of the consistent financial returns, schools holding surplus balances could be identified. A report was presented to the School Forum meeting of the 18th September 2018.

Update

9. Forum representatives selected to review school surplus balances agreed the communication to be sent to all maintained schools holding excess balances. (Appendix A). This was followed up with a reminder on 6 October to those schools who had not yet responded.
10. Responses from schools have been reviewed and challenged where needed. Reasons for holding the balances have been summarised (Appendix B) and presented to the Director of Children's Services and Schools Forum representatives.
11. The Director has requested that a panel to be set up chaired by Leo Jones the Deputy Director for Education and Transformation and selected schools invited to attend to present their case for holding excess balances. Following that meeting (date not yet agreed) the LA will agree and advise which schools the LA will exercise their right to 'clawback' funds for redistribution to all other maintained schools. Funds will be ring-fenced to the individual funding blocks.
12. Those schools not required to attend will be required to ensure funding is spent in line with the purpose provided. Any balances which remain unspent at the end of March 2018 will be clawed back. Six of the 20 schools were chosen based on the value of the surplus balance and the quality of response.(appendix B highlighted)

Appendix A - Email sent to all Schools holding excess surplus balances

Appendix B - Summary report of Schools reasons for holding excess surplus balances

Appendix C- Email to Schools Forum nominated representative suggesting way forward

Dear Headteacher

At the Schools Forum meeting on 18th September 2017 a report was presented informing the group the final outturn position for Schools for the financial year 2016/17. This included those schools that were holding balances above those permitted in the Scheme for Financing Schools (Section 4.2 Controls on Surplus Balances and Appendix E). The report can be found by following the link <http://centralbeds.moderngov.co.uk/ieListMeetings.aspx?Committeeld=662>

The uncommitted revenue balances should be no greater than

10% of the current year's individual school budget share for secondary and special schools and 15% for primary and nursery schools

The following list of purposes and/or projects which may be permitted by the Authority for deduction from the schools surplus balances when calculating the claw-back amounts include:

- Revenue contribution to a specific capital project which has been costed and planned for the use of devolved formula capital received or described in the LA capital programme, including ICT and equipment.
- Managing short-term implications of pupil numbers whilst class and/or staffing structures are revised.
- Managing long-term unexpected staff sickness.
- Monies held on behalf of another school that will be distributed or spent in the next financial year.

All such expenditure must be clearly costed and identified within the school's financial plan submitted to the Authority.

As your school is currently holding surplus revenue balances (reported on CFR in B02) above those permitted, I would be grateful if you could submit supporting information substantiating the rationale for the excess (Governors minutes showing proposed spend, quotes etc). Your information will be presented to a Sub-Group of the Schools Forum who will consider the explanations provided by schools and make recommendations to the Authority, it is the Authority that will ultimately determine whether deduction of 'excess balances' is to be made.

Can you please ensure all relevant papers are forwarded as a matter of urgency and no later than the 6 October 2017 to be considered. Non submission will assume the funding is not required.

Thank you.

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Surplus Balance Report 2016/17

School Name	Evidence and Timeline of Communication	16/17 Excess Bal £
Willow Nursery	£227k B02 c/f from 15/16, £238k c/f into 17/18. £160k DRF in 17/18. £16k capital c/f into 17/18. Major refurb of flooring/redecoration/furniture/doors/paintwork/bathrooms/Cloakrooms/outdoor play. Two companies contacted for quotes for major re-furb once boiler/pipe works done. Work started Feb 17 & is on-going.	193,494
Aspley Guise Lower	£117k B02 c/f from 15/16, £126k c/f into 17/18. £96k proposed c/f into 18/19 with DRF of £58k in 18/19. Proposed permanent or temp classroom and existing one needs replacing.	40,133
Beaudesert Lwr	£198k B02 c/f from 15/16, £157k c/f into 17/18. £75k DRF in 17/18. £148k proposed revenue c/f into 18/19. Office Refub, fall in numbers therefore using to maintain staffing & develop teaching & learning strategies. Emailed 26/09/17 and resent 06/10/17 – No response from the school.	14,618
Chalton Lower	£53k B02 c/f from 15/16, £177k into 17/18. Proposed £168k c/f into 18/19. No DRF. New classroom's cost estimated at £150k. Funds accrued due to H/T covering maternity leave.	130,597
Dunton Lower	£76k B02 c/f from 15/16, £91k c/f into 17/18. £70k DRF in 18/19 reducing proposed c/f into 18/19 to £21k. Two-classroom block extension agreed in principle by CBC for the value of £355k provided.	40,142
Fairfield Lower	£218k B02 c/f from 15/16, £189k c/f into 17/18. No DRF. In year revenue deficit of £118k reducing proposed c/f into 18/19 £69k. Capital income of £415k resulting in proposed capital c/f of £393k. School is opening their 2nd schools site in Sep 18 & in the interim is housing 2 add classes on the current site. The school is also finalising a complete overhaul of their IT structure. The budget provided is for a two year period i.e 17/18 and 18/19 and carries cumulative surpluses, perhaps more years of budget should have been included?	6,626
Ridgmont Lower	Emailed 26/09/17 and resent 06/10/17 – No response from the school. No Budget submitted for 17/18, only quarterly return. Earmarked funds form stated 'Small sch classes all below 20. Money set aside to maintain staffing for each key stage & nursery long term.	4,855
Russell lower	£193k b/f from 15/16, £180k into 17/18. £142k proposed revenue balance c/f into 18/19. Expanding sch, surplus needed to support additional staffing.	16,538
Shillington Lower	£134k B02 c/f from 15/16, £97k to 17/18, £60k proposed c/f into 18/16. £15k DRF in 18/19. Planned project to increase number of toilets for R/Yr 1 & refurb of pre-sch.	18,612
Southcott Lower	£204k B02 c/f from 15/16, £232k c/f into 17/18, £131k proposed c/f into 18/19 & £2k contingency. Needed for shortfall in pupil numbers in year R (41 not 60) therefore shortfall in funding for next 5 years as group moves through.	69,488
St Andrews Lower	Expanding sch, rec'd £300k FFE grant at end of 16/17 still holding £97,333 of grant to complete the phased furnishing and equipping of classrooms, if removed uncommitted balances within limits (i.e. Earmarked funds form & CFR incorrect should have been in B01 unspent grants they would then not have surplus B02.	6,082
St Marys Lwr (Dunstable)	£172k B02 c/f from 15/16, £184k B02 c/f to 17/18. £140k proposed c/f to 18/19 £3500 DRF in 18/19, £121k proposed c/f to 19/20 with £3500 DRF. EMF evidence submitted at year end stated money set aside for <ol style="list-style-type: none"> 1. works, but Diocese informed them LCVAP money could be used instead. 2. Energy bills shared site with Manshead delay in receipt of bills which were well under estimate. 3. Other work staff room floor/security/decoration /first aid room, kitchen/ laptops £21k 4. £102k set aside for free standing nurture group building, rec'd quote not started. Emailed 26/09/17 and resent 06/10/17 – No response from the school.	48,331
St Swithuns Lwr	£168k B02 c/f from 15/16, £199k B02 c/f to 17/18, £48k proposed c/f to 18/19 with £87k DRF. £21k deficit in 18/19 EMF stated use for age range change to become a primary, plans to build learning area. Emailed 26/09/17 and resent 06/10/17 – No response from the school.	75,435
Tithe Farm Lwr	£549k B02 c/f from 15/16, £251k c/f to 17/18, proposed c/f to 18/19 £22k with £127k DRF for 2 classroom build completion Aug 17 Emailed 26/09/17 and resent 06/10/17 – No response from the school.	97,913
Totternhoe	£95k B02 c/f from 15/16, £79k B02 c/f to 17/18 £37k proposed c/f to 18/19. No DRF	6,937

	Planned Capital	Page 89
Lower	Funds allocated to projects to improve security, safeguarding & H&S. Planned project for reception area.£8k	Agenda Item 9
Westoning Lower	£78k B02 c/f from 15/16, £99k B02 c/f to 17/18, £95k proposed c/f to 18/19 no DRF. £16k Build Maint Earmarked Funds Form: Replacement heating £14k, Elect works £5k, outbuildings & groundworks for pre-sch £7k work completed for less than estimate.	36,932
Woburn Lower	£100k B02 c/f from 15/16, £87k c/f to 17/18. In year deficit 18/19 £20k overall deficit 20/21 £11k Earmarked funds form stated to be kept as deficit budget predicted 20/21. Since April 2 admission appeals upheld & now 25% increase in PAN. CBC officers to meet with sch to discuss expansion. Deduction of funds will put budget in deficit in 19/20. Letter submitted 5/10 Headteacher and Chair of Governors reiterating details on Earmarked funds form	104,521
Caddington Village School	£286k B02 c/f from 15/16, £256k B02 c/f to 17/18. Proposed £47k c/f to 18/19 with £46k DRF.£40k Outdoor area space, £3k Cluster Monies and information on Income raised by school from sold/seconded services.	153,437
Chiltern Special	£1287k B02 c/f from 15/16, £540k c/f to 17/18, £1,139k proposed c/f to 18/19 Earmarked funds form: refit new classroom £39k, gas issue £67k, kitchen alteration £34k, playground £21k. Invoice supplied for IT equip £7k.	16,183
Ivel Valley Special	£323k B02 c/f from 15/16, £309k B02 c/f to 17/18, £225,677 proposed c/f to 18/19 with £86k DRF Spent on costs incurred re 3 classroom extension building project.	

Total £1,098,743

To be invited to present individual case Total £428,994

Afternoon

Dear All

Following on with the work for schools holding surplus balances, please see attached a summary of our review. The way forward is explained below:

It is proposed that a panel is set up, chaired by Leo Jones the Deputy Director for Education and Transformation and those schools highlighted in yellow invited to attend to present their case for holding excess balances. Following that meeting the LA will agree and advise which schools that the LA will exercise their right to 'clawback' funds for redistribution to all other maintained schools. Funds will be ring-fenced to the individual funding blocks.

Schools not highlighted in yellow holding excess balances will be required to ensure funding is spent in line with the purpose provided. Any balances which remain unspent at the end of March 2018 will be clawed back.

Please come back to me with your view on our way forward. A paper will be presented at the next School Forum meeting (20th November).

The Scheme for Financing Schools will need to be updated to take account of Primary, Secondary and All through schools. As with any change to the Scheme a consultation will need to be carried out before any change can be made.

Thanks

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