
Meeting: Schools Forum
Date: 1st November 2010
Subject: School Licensed Deficits and Risk Register
Report of: Deputy Chief Executive and Director of Children Services
Summary: To update the Schools Forum on License Deficit Schools

Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

- 1. To note the update on License Deficit Schools**
- 2. To note the update on the Schools Finance Risk Register**

Background

1. There are 137 Schools in Central Bedfordshire, excluding the two Academies. The total allocation of the Dedicated Schools Grant (DSG) for Central Bedfordshire for 2010/11 is £146.9M of which £133.6M is delegated to schools.
2. 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.
3. Each school is required to submit a budget plan approved by the full Governing Body to the Authority no later than 31st May of each year. The Scheme for Financing Schools also allows the authority to request revised budget plans where necessary. All Schools have been requested to submit a revised budget plan for 2010/11 and 2011/12 by the 31st October 2010, following updated pupil data from the October census.

4. The Scheme (Section 4.10) permits schools to plan for a deficit budget, with the normal maximum length of time over which schools may repay the deficit, being three years. Due to the current financial climate and the Department for Education (DfE) review on the future distribution of School Funding, Central Bedfordshire does not normally license deficits beyond two years.
5. Unlicensed deficits are reported to the Department of Education as part of the School's Consistent Financial Reporting (CFR) return. An unlicensed deficit will also have a negative impact on the achievement of the Financial Management Standard (FMSiS), which in turn will have a direct bearing on school ratings with
6. Section 151 of the Local Government Act 1972 states that every local authority make arrangements for the proper administration of their financial affairs, including the supervision of all systems and records used for accounting purposes relating to the finances of Central Bedfordshire Council. Schools are required to operate accounting systems in support of proper budget monitoring and control arrangements.
7. To assist the Section 151 Officer in exercising his duties under the Act, Schools are categorised into Red, Amber, Green (RAG) ratings of risk. This process takes place twice a year; in June following the financial year end and receipt of the current budget plan and January, following the Schools completion of the year end financial statements. A regular update is held as schools circumstances change. A letter has been sent to all Schools advising of this process and allocated rating. This information is also shared with other LA Officers, including School Improvement

The Criteria used to allocate a RAG rating is attached in Appendix A.

Update

8. Two 'Notice of Concerns' under Section 2.3 of Central Bedfordshire's Scheme for Financing Schools were issued following the 2009/10 financial year end. These schools are being monitored against clear set targets which if not achieved, within a defined time scale, the LA may suspend the school's right to a delegated budget.
9. There are currently 14 schools with an agreed license deficits with a value of £0.55m and a further eight schools with which the finance team are currently working and are awaiting revised data following the pupil census day information.
10. The RAG exercise, that took place in June 2010, places 64 of our 136 schools into a category as shown in the table below. All red and amber schools will receive a visit from their School Financial Adviser during the autumn term. Those schools coloured green will be closely monitored and if necessary will also receive a school visit.

Appendices:

Appendix A – Criteria used to allocate a RAG rating.

APPENDIX A

Criteria Used to allocate a RAG rating

	Red	Amber	Green
Notice of Concern issued	X		
LA recommendation to return to Centrally Funded Status	X		
'No Assurance' audit statement	X		
Application for Licensed Deficit late in financial year (December)	X	X	
Unlicensed Deficit >5k or 2.5% of School Budget Share (SBS)	X		
Unlicensed Deficit < 5k or 2.5% of SBS		X	
Licensed Deficit for one year > 10% of SBS		X	
Licensed Deficit for one year < 10% of SBS			X
Licensed deficit for two years > 10% of SBS	X		
Licensed Deficit for two years < 10% of SBS		X	
Budget monitoring concerns	X	X	
Surplus Balance above maximum level			X
Provisional Licensed Deficit for future year			X
1 st year of Fully Funded Status			X
Timeliness and/or accuracy of returns			X
FMSiS not achieved			X
Change of Head teacher and/or Bursar/Finance Officer			X

The allocation of a rating may be uplifted where more than one criteria applies.