
Meeting: Schools Forum
Date: 19 September 2011
Subject: School Finance Update
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To update the Schools Forum on License Deficit Schools and the Schools Finance Risk Register.

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 125 Schools in Central Bedfordshire (excluding Academies) as at 31st August 2011. The total Dedicated Schools Grant (DSG) for Central Bedfordshire for 2011/12 is £151M of which £137M 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 Governing Body or by a Committee of the Governing Body, to the Authority no later than 31st May of each year and a revised budget Plan also approved by the said committee no later than 31st October of each year.
4. The Scheme (Section 4.9) permits schools to plan for a deficit budget with the maximum length of time over which schools may recover being three years.
5. Unlicensed deficits are reported to the Department for Education as part of the School's Consistent Financial Reporting (CFR) return.

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 forecast outturn. A regular update is held as schools circumstances change. A letter will be sent to all Schools advising of this process and their 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. No new 'Notice of Concerns' under Section 2.3 of Central Bedfordshire's Scheme for Financing Schools were issued following the 2010/11 financial year end. Two were issued following the 2009/10 financial year end, one of which is still the subject of continued review.
9. There are currently 5 schools with an agreed license deficit, with a value of £196K with a further 3 schools which the finance team are currently working with. Two schools have requested use of the 1% of their school budget share deficit tolerance mechanism for 2011/12.
10. The RAG exercise that took place in July 2011 places 91 of our 125 schools into a category as shown in the table below.

Phase	No. of Schools	No Category	Green	Amber	Red
Nursery	4		4	0	
Lower	91	22	60	8	1
Middle	18	7	11	0	
Upper	7	5	2	0	
Special	5		5	0	
Total	125	34	82	8	1

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.

11. A letter has been sent to all schools informing them of their RAG category and the use of criteria.

Appendices:

Appendix A - Criteria used to allocate a RAG rating

Criteria Used to allocate a RAG rating

	Red	Amber	Green
Notice of Concern issued	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 or more years > 10% of SBS	X		
Licensed Deficit for two or more years < 10% of SBS		X	
Budget Monitoring concerns	X	X	
Provisional Licensed Deficit for future year			X
1 st Year of Fully Funded Status			X
Timeliness and/or accuracy of returns			X
Change of Headteacher and/or Bursar/Finance Officer			X

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