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**Meeting:** Schools Forum  
**Date:** 21 January 2013  
**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.

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Contact Officer: Dawn Hill, Technology House, Bedford  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council

**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 100 Maintained Schools in Central Bedfordshire and 37 Academies as at 31<sup>st</sup> December 2012. The total Dedicated Schools Grant (DSG) for Central Bedfordshire for 2012/13 is £173.9M of which £162M 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 31<sup>st</sup> May of each year and a revised budget Plan also approved by the said Committee no later than 31<sup>st</sup> October of each year.
4. The Scheme for Financing Schools (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. Schools must satisfy the minimum requirements with regards to financial controls, procedures and systems in operation so far as necessary for the discharge of the LA's Assistant Director Financial Services, Section 151 Officer responsibilities under Section 151 of the Local Government Act 1972. As this involves all financial records being maintained in schools, these documents become the prime record.

7. To assist the Section 151 Officer in exercising his duties under the Act, Schools are categorised into Red, Amber and Green (RAG) ratings of risk. This process normally takes place twice a year. A regular update is held as schools circumstances change. A letter is 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 School has been issued a 'Notice of Concerns' under Section 2.15 of Central Bedfordshire's Scheme for Financing Schools following the 2011/12 financial year end.
9. There are currently 2 schools with an agreed license deficit, with a total value of £287k (£265k relating to one lower school).
10. The RAG exercise that took place in October 2012 places 48 of our 100 Maintained schools into a category as shown in the table below.

Phase	No. of Schools	No Rating	Green	Amber	Red
<b>Nursery</b>	4	2	2	0	0
<b>Lower</b>	83	43	32	7	1
<b>Middle</b>	8	4	4	0	0
<b>Upper</b>	2	1	0	0	1
<b>Special</b>	3	2	1	0	0
<b>Total</b>	<b>100</b>	<b>52</b>	<b>39</b>	<b>7</b>	<b>2</b>

All red and amber schools will receive a visit from their School Financial Adviser during the autumn term. Those schools categorised green will be closely monitored and if necessary will also receive a financial review.

11. A letter will be sent to all schools informing them of their RAG category and the use of criteria following the School Forum update.

**Criteria Used to allocate a RAG rating**

	<b>Red</b>	<b>Amber</b>	<b>Green</b>
Notice of Concern issued	<b>X</b>		
'No Assurance' audit statement	<b>X</b>		
Application for Licensed Deficit late in financial year (December)	<b>X</b>	<b>X</b>	
Unlicensed Deficit >5K or 2.5% of School Budget Share (SBS)	<b>X</b>		
Unlicensed Deficit < 5K or 2.5% of SBS		<b>X</b>	
Licensed Deficit for one year > 10% of SBS		<b>X</b>	
Licensed Deficit for one year < 10% of SBS			<b>X</b>
Licensed Deficit for two or more years > 10% of SBS	<b>X</b>		
Licensed Deficit for two or more years < 10% of SBS		<b>X</b>	
Budget Monitoring concerns	<b>X</b>	<b>X</b>	
Provisional Licensed Deficit for future year			<b>X</b>
Timeliness and/or accuracy of returns			<b>X</b>
Change of Headteacher and/or Bursar/Finance Officer			<b>X</b>

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