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**Meeting:** Schools Forum  
**Date:** 24<sup>th</sup> June 2013  
**Subject:** School Finance Update  
**Report of:** Deputy Chief Executive and Director of Children's Services  
**Summary:** To update the Schools Forum on the Schools out-turn position for 2012/13.

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Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

**RECOMMENDATIONS:**

**To note the Schools out-turn position for 2012/13.**

**Background**

1. There were 98 Schools in Central Bedfordshire (excluding Academies) as at 31<sup>st</sup> March 2013 with a delegated budget of £95.041M.
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. The LA may suspend a school's right to a delegated budget if the provisions of the Scheme have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.
4. The Scheme (Section 4.9) permits schools to plan for a deficit budget with the normal maximum length of time over which schools may recover will be three years.
5. Unlicensed deficits are reported to the Department for Education as part of the School's Consistent Financial Reporting (CFR) return.
6. The Schools Forum at its meeting on 7<sup>th</sup> March 2011 resolved that there would be no 'balance control mechanism' from 2011/12 included in the Scheme for Financing Schools. However, it was agreed the LA will continue to monitor the reason for holding excessive surplus balances.

7. 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.
8. 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 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.

### Update

9. Maintained Schools balances as at 31<sup>st</sup> March 2013 were as follows:-

Sector	Revenue £		Capital £	
	2011/12	2012/13	2011/12	2012/13
Nursery (4)	543,885	527,608	30,758	57,996
Lower (81)	4,577,202	7,713,709	1,403,318	871,590
Middle (8)	1,319,196	1,714,500	332,026	132,209
Upper (2)	982,180	1,136,366	30,241	43,427
Special (3)	1,023,035	1,321,560	73,534	1,923
<b>Total (98)</b>	<b>8,445,498</b>	<b>12,413,743</b>	<b>1,869,877</b>	<b>1,107,145</b>

Revenue balances have increased £3.968M and Capital balances reduced £0.763M.

10. Earmarked reserves for 2012/13 will not be known until late June 2013 when schools complete their annual CFR return. The increase in revenue balances is believed to be due to 'in year' increases to Individual Schools Budgets (ISB) paid from unspent centrally held DSG (£1.779M) and preparation for the further changes and impacts of the School Funding Reforms.
11. All maintained schools with a delegated budget must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete an annual assessment. Chief Finance Officers are required to certify that schools within their remit have completed the SFVS and also confirm that systems are in place which gives adequate assurance over their standards of financial management and the regularity and propriety of their spending. For 2012/13 two secondary schools did not submit the SFVS returns due to issues within their own senior management arrangements.