

Meeting: Schools Forum
Date: 20 January 2014
Subject: School Finance Update
Report of: Deputy Chief Executive and Director of Children's Services
Summary: To note the update on License Deficit Schools and the Schools Finance Risk Register.

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency
(if appropriate)

RECOMMENDATIONS:

To note the update

Background

1. There are 89 Maintained Schools in Central Bedfordshire as at 31st December 2013. The total Dedicated Schools Grant (DSG) for Central Bedfordshire for 2013/14 is £178.8M of which £162.4M is delegated to Schools, £83.7M to Maintained Schools.
2. The financial controls within which delegation to maintained schools 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. 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 Section 151 Officer responsibilities under 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 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.
8. The criteria used to allocate a RAG rating is attached in Appendix A.

Update

9. No School has been issued a 'Notice of Concerns' under Section 2.3 of Central Bedfordshire's Scheme for Financing Schools following the 2012/13 financial year end.
10. There are currently 2 schools with an agreed license deficit, with a value of £37k.
11. The RAG exercise that took place in December 2013 places 25 of our 89 maintained schools into a category as shown in the table below.

Phase	No. of Schools	No Rag	Green	Amber	Red
Nursery	4	2	0	2	0
Lower	73	52	16	5	0
Middle	8	7	0	0	1
Upper	2	1	0	0	1
Special	2	2	0	0	0
Total	89	64	16	7	2

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.

12. 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 2013/14 RAG rating

Criteria	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 years > 10% of SBS	X		
Licensed Deficit for two years < 10% of SBS		X	
Budget monitoring concerns	X	X	
No submission of Schools Financial Value Standards (SFVS)	X		
Provisional Licensed Deficit for future year			X
Timeliness and/or accuracy of returns			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.