

Meeting: Schools Forum

Date: 12 June 2017

Subject: School Finance Update

Report of: Director of Children's Services

Summary: To update the Schools Forum on the 2016/17 Schools out-turn position.

Contact Officer: Dawn Hill, Priory House, Shefford

Public/Exempt: Public

Wards Affected: All

Function of: Council

RECOMMENDATIONS:

- 1. To note the Finance update for Schools.**

Background

1. Central Bedfordshire Council's (the LA) Scheme for Financing Schools is based on the legislative provisions in sections 45 – 53 of the School Standards and Framework Act 1998 (the Act) and the School and Early Years Finance (England) Regulations 2017 (the regulations). Under this legislation, the Department for Education (DfE) will determine on an annual basis, the minimum size of the Schools Budget, through the Dedicated Schools Grant (DSG). The Local Authority (LA) will determine the actual level of the Schools Budget and their non –schools education Budget.
2. The LA may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under Section 45A of the Act. The amounts to be retained centrally are decided upon annually by the LA, subject to any limits or conditions prescribed by the Secretary of State and any amounts that have to be agreed by the Schools Forum. The balance of the Schools Budget remaining after deduction of centrally retained funds is termed the Individual Schools Budget (ISB).
3. The LA will not retain any unallocated reserve within the ISB but must distribute the ISB amongst all maintained schools, using a formula which accords with regulations made by the Secretary of State and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with Section 51 of the Act.
4. 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.

5. The LA may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.
6. Schools must satisfy the minimum requirements with regard to financial controls, procedures and systems in operation so far as necessary for the discharge of the S. 151 Officer responsibilities under Section 151 of the Local Government Act 1972. As this involves all financial records being maintained in school, these documents become the prime record and, therefore, are subject to a more rigorous LA and external audit.
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 takes place twice a year, in May, following the financial year end and receipt of the current budget plan, and January, following the Schools completion of the year end forecasts outturn. A regular update is held as schools circumstances change.
8. 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. Schools' requests for licensed deficits must be supported by a detailed recovery plan. Licensed Deficits shall not normally exceed 10% of a school's budget share. No more than one third of the collective balances held by the LA will be used to back these arrangements.
9. Unlicensed deficits are reported to the Department for Education as part of the School's Consistent Financial Reporting (CFR) return.

Schools out-turn 2016/17

10. There were 82 Maintained Schools in Central Bedfordshire as at 31 March 2017 with a delegated budget of £84M. Maintained Schools balances as at 31 March 2017 are as follows (Appendix A):-

Sector	Revenue		Capital	
	£		£	
	2015/16	2016/17	2015/16	2016/17
Nursery (2)	254,059	267,706	24,360	16,956
Lower (71)	8,175,895	6,488,469	841,511	708,697
Middle (5)	1,026,448	907,516	552,359	176,188
Upper (2)	692,569	804,952	24,752	15,960
Special (2)	1,648,995	1,698,426	34	9,670
Total (82)	11,797,966	10,167,069	1,443,016	927,471

11. Consistent Financial Returns (CFR) distinguish Revenue balances between committed, uncommitted and community focused reserves. Due to errors on a number of School year end accounts, CFR has not yet been finalised and those schools are currently being visited. The balances above may require adjustment once these visits have taken place.
12. The Scheme for Financing Schools, section 4.2, defines excess balances; 10% (Secondary and Special) or 15% (Nursery and Primary) of the current years' individual school budget share. Those schools holding excess uncommitted balances will be contacted individually requesting details of how the excess balance will be spent. Details of those schools holding excess

balances will be brought to the next meeting of the Schools Forum for a decision on possible clawback of excess funds.

13. The categorisation of Schools against the rating of risk (Paragraph 7) is still in progress pending the verification of the Schools out-turn position. This will also be brought to the next meeting of the School Forum.
14. All maintained schools with a delegated budget must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. The LA's S.151 Officer is required to certify to the DfE how many schools have completed the SFVS form and give the reasons for those that didn't complete. For 2016/17 all schools have submitted the SFVS although some schools did not meet the required date of submission of 31 March 2017.

Appendix A – School 2016/17 Revenue and Capital Balances