

Central Bedfordshire Council

School Forum

Date: 19 November 2018

School Finance Update

Responsible Director(s): Sue Harrison ,
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This report relates to a decision that is Non-Key

Purpose of this report

To update School Forum on the current RAG rating.

RECOMMENDATIONS

The Committee is asked to note the updated Finance RAG rating 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 –school's 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 risk register 2018/19

10. Following the year end returns and confirmation of the 2017/18 balances held by schools, a report was presented at the last meeting, with schools have been assessed by the following criteria:

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 ISB	X		
Unlicensed Deficit < 5k or 2.5% of ISB		X	
Licensed Deficit for one year > 10% of ISB		X	
Licensed Deficit for one year < 10% of ISB			X
Licensed Deficit for two years > 10% of ISB	X		
Licensed Deficit for two years < 10% of ISB		X	
Budget monitoring concerns	X	X	
No submission of Schools Financial Value Standard	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
Schools Causing Concerns		X	
Age Range Changes		X	

11. This rating has been updated to reflect the revised category for 3 schools who had incorrectly been assigned as Schools Causing Concern. This results in those schools category revising from amber to no category.

12. The updated table below compares the number of schools in each assigned category for 2018/19 against 2017/18, details included in Appendix A:

Sector	Red		Amber		Green	
	2017/18	Aug-18	2017/18	Aug-18	2017/18	Aug-18
Nursery	0	0	0	0	1	1
Lower / Primary	8	7	18	23	11	15
Middle	0	0	1	2	0	0
Upper	1	1	0	0	0	0
Special	0	0	0	0	2	2
Total	9	8	19	25	14	18

13. The increase in amber and green schools are mainly as a result of budget monitoring concerns.

14. There are currently no schools with a 'notice of concern'

Appendices

Appendix A: School Risk Register

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