

Decision Maker: **Education Budget Sub-Committee**

Date: **2nd October 2013**

Decision Maker: **Schools' Forum**

Date: **21st November 2013**

Decision Type: Non-Urgent Non-Executive Non-Key

TITLE: SPENDING BY PRIMARY, SECONDARY AND SPECIAL MAINTAINED SCHOOLS IN 2012/13

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Chief Officer: Tessa Moore, Assistant Director (Education)

Ward: Boroughwide

1. Reason for report

- 1.1 This report provides information on all revenue and capital balances held by Primary, Secondary and Special Maintained Schools as at 31 March 2013, and also provides a comparison to the balances held at the same time in the previous year.

2. **RECOMMENDATION(S)**

- 2.1 **The Committee is invited to consider the financial position of Primary, Secondary and Special Maintained Schools at the end of the 2012/13 financial year and to identify any matters for specific comment and referral to the Portfolio Holder.**
- 2.2 **The Schools' Forum is asked to note the balances for information.**

Corporate Policy

1. Policy Status: N/A
 2. BBB Priority: Children and Young People
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Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A
 3. Budget head/performance centre: Dedicated Schools Grant 2013/14
 4. Total current budget for this head: £129.123m
 5. Source of funding: Dedicated Schools Grant
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Staff

1. Number of staff (current and additional) – N/A
 2. If from existing staff resources, number of staff hours – N/A
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Legal

1. Legal Requirement: Non-statutory - Government guidance:
 2. Call in: Applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected) - N/A
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 This report highlights the financial position of Primary, Secondary and Special Maintained Schools as at 31 March 2013 the end of the 2012/13 financial year.
- 3.2 Balances are reported in accordance with the DfE Consistent Financial Reporting (CFR) Regulations. This is a framework for reporting income and expenditure and balances. It provides schools with a benchmarking facility for comparison between similar schools to promote self-management and value for money. A CFR return is produced for all schools maintained by the Local Authority as at 31 March 2013.
- 3.3 The CFR framework consists of six balances, which provide an overall picture of a school's resources available from one year to the next, and gives information on balances carried forward. The balances are categorised as follows:
- BO1 Committed Revenue Balances
 - BO2 Uncommitted Revenue Balances
 - BO3 Devolved Formula Capital Balances
 - BO5 Other Capital Balances
 - BO6 Community Focused Extended Schools Balances
- Nb BO4 Other Standard Fund Capital Balances has been deleted as standards funds no longer exist.
- 3.4 The average level of revenue balances (BO1 and BO2) both committed and uncommitted for Maintained Primary School stands at 6.06% of School Budget Shares compared to 5.44% at the end of 2011/12, which is an increase of 0.62%. Secondary school balances are 13% compared to 10% at the end of 2011/12; an increase of 3%. Special School balances have decreased to 6.65% compared to 7.28% the previous year; a decrease of 0.63%.
- 3.5 A comparison of the levels of school balances as at 31 March 2013 to the previous year is shown in the table below.

	Primary Schools £000	Secondary Schools £000	Special Schools £000
Revenue balances only as at: 31.03.13			
Committed Revenue Balances (BO1)	901 (1.33%)	45 (1%)	90 (0.88%)
Uncommitted Revenue Balances (BO2)	3,212 (4.73%)	519 (12%)	591 (5.78%)
	4,113 (6.06%)	564 (13%)	681 (6.65%)
Revenue balances only as at: 31.03.12			
Committed Revenue Balances (BO1)	530 (0.81%)	45 (1%)	72 (0.81%)
Uncommitted Revenue Balances (BO2)	3,031 (4.63%)	239 (9%)	573 (6.47%)
	3,561 (5.44%)	284 (10%)	645 (7.28%)

- 3.6 Full details of schools balances can be seen at **Appendix 1**
- 3.7 In accordance with DfE guidelines the Bromley Scheme for Financing Schools was updated in 2011 to remove the balance control mechanism. Previously this allowed local authorities to deduct any balances in BO2 (uncommitted revenue balances) in excess of 5% for secondary schools and 8% for primary and special schools from the following year's school budget share.

All schools with balances in excess of 8% have been asked to complete a proforma detailing the reason for holding a high balance and their plans for reducing the balance in year.

3.8 Following publication of the 2011-12 s251 Outturn data on 24 January, the DFE are now following up on the further analysis that has been undertaken in relation to this data. The Department forewarned all LAs at the time of issuing the 2011-12 DSG CFO Outturn statements that upon receipt of the LA's section 251 Outturn statement that we would be writing to specific LAs to request information on how they are proposing to address the issue if an:

A: LA has overspent its Dedicated Schools Grant by 2% or more (ie it is 2% or more in deficit)

B: LA has underspent its Dedicated Schools Grant by 5% or more (ie it is 5% or more in surplus)

C: LA has 2.5% of its schools that have been in deficit of 2.5% or more for the last 4 years and their individual deficit must have been at least £10,000 each year. We will only ask LAs for more information where at least three schools in the LA meet the criteria. Schools that meet these criteria are highlighted in green in Appendix 2.

D: LA has 5% of schools that have had a surplus of 15% or more for the last 5 years and their individual surplus must have been at least £10,000 each year. We will only ask LAs for more information where at least three schools in the LA meet the criteria. Schools that meet these criteria are highlighted in orange in Appendix 2.

3.9 This report also provides information on those schools with deficit revenue balance. As at 31 March 2013, 6 primary schools have a deficit balance. Two of these schools have signed Academy Orders to become sponsored academies from September 2013, at which point their deficits will revert to the LA. The Schools' Finance Support Team (SFST) will work with these schools to ensure that their deficits are maintained at a reasonable level up to the point of closure. The other four primary schools have agreed deficit recovery plans in place and the Schools Finance Support Team will work closely with these schools to ensure that the recovery plans are achieved.

3.10 In accordance with DfE requirements the SFST will also work with schools with schools with high balances to ensure that balances are being used effectively. Schools have been advised that revenue funding is allocated on an annual basis to support the cost of education for the current pupils and therefore it is not acceptable for schools to retain high levels of revenue funding to protect against possible funding reductions in future years.

3.11 **Appendix 3** shows a statement from each of the schools in deficit and those with large surplus balances outlining the reasons for this and the management action to be taken to either recover the deficit or to reduce the balances to a reasonable level.

4. FINANCIAL IMPLICATIONS

4.1 Schools converting to Academy under sponsored academy status, any deficit reverts to the Local Authority. This liability will be covered off as part of the budget arrangements of the Authority with the Dedicated Schools Grant.

Non-Applicable Sections:	Policy, Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	