

Decision Maker: **Schools' Forum**

Date: **25 September 2014**

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

Date: **9 September 2014**

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

TITLE: SPENDING BY PRIMARY, SECONDARY AND SPECIAL MAINTAINED SCHOOLS IN 2013/14

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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 2014, and also provides a comparison to the balances held at the same time in the previous year.

2. **RECOMMENDATION(S)**

2.1 **The Education Budget Sub-Committee is invited to consider the financial position of Primary, Secondary and Special Maintained Schools at the end of the 2013/14 financial year and to identify any matters for specific comment and referral to the Portfolio Holder for Education.**

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:
 5. Source of funding:
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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: Not 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 2014 the end of the 2013/14 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 2014.
- 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 7.94% of School Budget Shares compared to 6.06% at the end of 2012/13, which is an increase of 1.88%. Secondary school balances are 18% compared to 13% at the end of 2012/13; an increase of 5%. Special School balances have increased to 8.10% compared to 6.65% the previous year; an increase of 1.45%.
- 3.5 A comparison of the levels of school balances as at 31 March 2014 to the previous year is shown in the table below.

	Primary Schools £000	Secondary Schools £000	Special Schools £000
Revenue balances only as at: 31.03.14			
Committed Revenue Balances (BO1)	1,069 (1.94%)	0 (0%)	209 (1.62%)
Uncommitted Revenue Balances (BO2)	3,201 (6.0 %)	837 (18%)	834 (6.48%)
	4,270 (7.94%)	837 (18%)	1,043 (8.10%)
Revenue balances only as at: 31.03.13			
Committed Revenue Balances (BO1)	673 (1.33%)	45 (1%)	90 (0.87%)
Uncommitted Revenue Balances (BO2)	2,582 (4.73%)	519 (12%)	591 (5.78%)
	3,255 (6.06%)	564(13%)	681 (6.65%)

- 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 In Appendix 1 the highlighted schools have reached the surplus/deficit thresholds above

The DFE now require further analysis to be undertaken in relation to this data. LAs are required to provide 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

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. LAs will only be asked for more information where at least three schools in the LA meet the criteria.

Schools that would fall into these categories have been highlighted on the table at **Appendix 2.**

3.9 This report also provides information on those schools with a deficit revenue balance. As at 31 March 2014, 2 primary schools have a deficit balance. One of these schools has a signed Academy Orders to convert to Academy status later this year, at which point their deficit will be repaid to the LA. The Schools' Finance Support Team (SFST) will work with the school to ensure that their deficits are maintained at a reasonable level up to the point of closure. The other primary school has an agreed deficit recovery plan in place and the Schools Finance Support Team will work closely with this school to ensure that the recovery plan is achieved.

3.10 In accordance with DfE requirements the SFST will also work with schools with schools with high balances to ensure that they are being used effectively. Schools have been advised that revenue funding is allocated on an annual basis to support the cost of education for their 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 uncommitted 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.

3.12 Members may be aware that under the Fairer Funding arrangements Bromley is scheduled to receive an increase of £19.5million to the Dedicated Schools Grant in 2015/16. This is in recognition of the relative underfunding of Bromley schools compared to other local authorities in previous years. This matter will be subject to a separate

report to Members to agree the proposed distribution of this funding to schools, but it should be noted that schools will be receiving considerable amounts of new funding which, if not planned for strategically could result in a further increase of some already high balances.

4. FINANCIAL IMPLICATIONS

4.1 Whilst this report provides details of school balances, there are no financial implications to be considered.

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