

Decision Maker: EDUCATION BUDGET SUB-COMMITTEE

Date: Tuesday 3 March 2015

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

Title: UPDATE ON MANAGEMENT ACTION TAKEN BY SCHOOLS WITH SIGNIFICANT REVENUE SURPLUS BALANCES OR DEFICITS

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Chief Officer: Executive Director of Education, Care & Health Services

Ward: (All Wards);

1. Reason for report

1.1 This report outlines the work that the Local Authority has done to support schools with significant surplus balances or deficits at the end of 2013/14.

2. **RECOMMENDATION(S)**

2.1 **The Education Budget Sub-Committee is asked to note this report.**

Corporate Policy

1. Policy Status: Not Applicable:
 2. BBB Priority: Children and Young People
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Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Dedicated Schools Grant 2014/15
 4. Total current budget for this head: £
 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: Not Applicable:
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Customer Impact

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

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 The Schools Finance Team (SFT) has worked closely with all schools with deficits and large surpluses during the financial year. All maintained schools are required to submit details of their budgets as approved by governors, and to submit a detailed budget monitoring report at the end of each quarter.
- 3.2 Based on these reports, both schools with deficits are expected to have fully repaid these deficits by the end of this financial year. Similarly all schools with large surpluses have budgeted to reduce the surpluses by the end of this financial year.
- 3.3 To date, the LA has received three of the four quarterly budget monitoring reports, and all schools are expected to be on track however this cannot be certain until the end of the financial year in March. Schools very often end the financial year with higher balances than expected for a number of reasons - for example building projects that were expected to be completed during the financial year often experience slippage and run into the next year, or often schools may receive a late contribution or grant towards the costs of planned expenditure which has not been anticipated. It is therefore not possible to predict schools final balances completely accurately until the end of the financial year.
- 3.4 All maintained schools are required to submit an annual financial return at the end of March - these will then be checked for accuracy and consolidated into the LA accounts. Details of all maintained schools balances will be reported to Members during the summer term.
- 3.5 Whilst all balances are reported, there is particular focus on those schools with revenue balances in excess of 8% of the following year School Budget Share allocation. For example, the balances at the end of March 2015 will be calculated as a percentage of the 2015/16 School Budget Share allocation - this is in line with DfE guidance. As Members will be aware, in 2015/16 school's funding will include the Fairer Funding settlement of £19.5m which was allocated to Bromley. In addition to this, £3.5m of underspent DSG has also been allocated to schools. As a result of this balances which may have shown as 8% or above in previous years will actually be a lower %, as they are being calculated against a much higher baseline.
- 3.6 In view of this, it is expected that there will be much fewer schools with balances of 8% or more at the end of 2014/15. However, schools will need to plan their future spend carefully to ensure that balances do not increase again in future years.
- 3.7 The SFT is no longer part of the LA having now been outsourced to Liberata in January 2015, but it is anticipated that they will continue to provide financial support to all schools, including maintained schools and academies. The support provided by the SFT includes use of a budget planning tool which allows schools to plan expenditure over a five year period. Schools are encouraged to plan strategically and it is anticipated that the increased funding settlement and this resource will provide schools with the confidence to plan strategically and effectively to use this funding to improve the education of all pupils.

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