



WARDS AFFECTED:  
**ALL WARDS**

**FORWARD TIMETABLE OF CONSULTATIONS AND MEETINGS:**

**OSMB  
Cabinet**

**5<sup>th</sup> March 2009  
9<sup>th</sup> March 2009**

---

**DEDICATED SCHOOLS GRANT (DSG) OUTTURN  
AND SCHOOL BALANCES 2007/08**

---

**Report of the Interim Corporate Director of Children's Services**

**1 Summary**

- 1.1 The report provides details of the Schools Revenue Outturn 2007/08, which shows an underspend on DSG in 2007/08 (excluding schools) of £3.2m.
- 1.2 It also provides details of schools' balances as at 31<sup>st</sup> March 2008, which increased by £4.0 million to £19.1 million in comparison to 2006/07. This is equivalent to 11.9% of schools' budgets.
- 1.3 An investigation into the increase in balances has been undertaken and is shown in paragraph 2.14 onwards. This leads to an Adjusted Schools Balance of £14.0 million, defined as the gross balances less the items that schools have identified as committed liabilities. This is equivalent to 8.7% of schools' budgets.
- 1.4 Further analysis of schools' balances, based on schools' returns, shows that the amount reported as held for contingency purposes, excluding BSF, is £6.3 million, equivalent to 3.9% of the total schools' budget.
- 1.5 The report also details the action the Council could take to clawback "excessive" balances from schools. Clarification of the intended operation of certain aspects of the current controls will be issued to schools for the close of the current financial year in March 2009. The scheme is to be fully reviewed for March 2010, with a view to addressing what are seen as excessive levels of school balances and supporting the principle that current funding should be spent on current children.

## 2 Report

### Dedicated Schools Grant 2007/08

- 2.1 Dedicated Schools Grant funds individual Schools and also Local Authority (LA) services within the Schools Block; the latter are known as the LA Centrally Retained Items. The amount of the grant depends upon the number of pupils in City Schools and the number of children under five years old in the care of Early Years independent, private and voluntary providers in the January preceding the start of the financial year. The final allocation of DSG for 2007/08 was £181.4m.

### DSG Funded Budgets not Delegated to Schools

- 2.2 Overall, an underspend of £3.2m occurred in 2007/08 on the DSG funded budgets not delegated to schools (known as Central Expenditure Items - the School Specific Contingency and Central Budgets). The key underspends included:
- a) The provision for Special Educational Needs (SEN) to reduce out-of-city placements of £1.2m which was not called upon in 2007/08, and which has since been managed in more effective ways (including as set out at para. 2.3(a) below);
  - b) Funds held centrally for services traded with schools of £0.5m (although a deficit was incurred on the traded services element of the Department's General Fund account). The provision of services traded with schools is to be reviewed;
  - c) Threshold Grant and Newly Qualified Teacher budgets, which underspent by £0.3m;
  - d) Insurance, School Profiles and Potential Amalgamations, which underspent by £0.4m;
  - e) The contingency for Schools in Financial Difficulty, which was not fully utilised and underspent by £0.3m and which is to be called upon in the current financial year, as set out at para. 2.3(b) below); and
  - f) The initially planned "headroom" (or underspend) of £0.3m.
- 2.3 The unspent DSG brought forward into 2007/08 at April 2007 was £2.4m. During 2007/08, £2m of this was used to part-fund the cost of Equal Pay Compensation in Community Maintained Schools. The net balance of £0.4m was added to the £3.2m underspend during the year, to arrive at a closing balance at March 2008 of £3.7m (after rounding). This has been carried forward for use on DSG funded services in 2008/09 and future years. It is anticipated that the underspend of DSG for 2008/09 will not be significant. It is proposed that this £3.7m underspend should be used towards:

- a) Increased capacity and support at Westgate and Keyham Lodge special schools, as agreed at the September Schools Forum meeting (up to £400k in 2008/09);
- b) Increasing the current year budget for Schools in Financial Difficulty, as approved by Schools Forum in December (£245k in 2008/09);
- c) Increasing the current year budgets for Schools Facing Exceptional Cost Pressures, approved by Schools Forum in January 2009 (£620k in 2008/09);
- d) Supporting the pilot project for the extension of the extended flexible entitlement to Nursery Education in the Highfields area, approved by Schools Forum in January 2009 (up to £55k in 2008/09);
- e) Support of educational transformation and attainment through the Transforming Leicester's Learning / Raising Achievement Plan and Transforming the Learning Environment programmes. This could be used to support initiatives with regard to the Improvement Notice issued by the DCSF to the City Council. The initiatives would include city-wide and sector-wide work and targeted support at particular schools. Members of the Schools Forum confirmed their wish to be involved in discussions about how these funds could be applied, with an expectation that they would directly benefit schools in addition to any central initiatives. It was agreed that a further report be brought to the February meeting of the Forum to set these discussions in train; and
- f) Pursuing initiatives to address issues raised through the recent Audit Commission School Survey (which is a national quality assurance questionnaire completed by schools relating to the services provided by their local authority). Schools Forum similarly expressed a desire to be involved in discussions about such initiatives

2.4 The known funding requirements at (a) to (d) above total up to £1.3m in 2008/09. This would leave £2.4m to further support educational transformation and attainment and issues raised by schools as set out in (e) and (f).

2.5 The formal bringing forward of the 2007/08 underspend into the current year's Schools Budget creates a "technical" breach of the Central Expenditure Limit by up to £3.7m, which requires Schools Forum approval.

### **Schools' Outturn and Balances 2007/08**

2.6 The final outturn position in relation to budgets delegated to schools for the financial year 2007/08 shows an underspend of £4.7m compared to budget. This is made up of a combination of some schools under spending and adding to their balances, and some schools drawing on balances accumulated in earlier years. Under Fair Funding legislation, schools are entitled to retain their under spending from year to year. However the fact that schools' balances are scrutinised and potentially subject to clawback may act as a feedback loop in the system and encourage schools to ensure that their budget is spent on current children.

2.7 The final outturn position, by school type, is reported in Table 1 overleaf:

<b>Table 1</b>	<b>2006/07 Carry Forward</b>	<b>Schools Budgets 2007/08*</b>	<b>Final Outturn 2007/08*</b>	<b>2007/08 Carry Forward</b>	<b>% of Schools Budget 2008/09</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	
Primary	7,341.9	81,720.9	81,748.7	6,989.2	8.73
Secondary	7,052.8	68,820.7	64,312.6	10,831.2	15.77
Special	961.2	12,816.8	12,483.2	1,294.1	10.60
Closed Schools	147.7	1,160.4	1,315.5	194.0	
<b>Total</b>	<b>15,503.6</b>	<b>164,518.8</b>	<b>159,860.0</b>	<b>19,308.5</b>	<b>11.87</b>

\*(Includes equal pay compensation, for which schools were fully funded: Primary £4.9m, Secondary £1.3m, Special £1.0m, Total £7.2m). This related to schools where the employer is the City Council (Community Maintained schools) and not to schools where the employer is the Governing Body (Voluntary Aided and Foundation schools.)

- 2.8 The total revenue reserves relating to schools have increased by £3.8m from £15.5m as at 31/03/07 to £19.3m as at 31/03/08. It should be noted that schools, in addition to this, have as advised by the Local Authority set aside reserves of £1.5m towards the cost of backdated single status pay. A list of schools' headline balances is shown in **Appendix A**. Further details of the composition of Schools' Balances are shown in paragraph 2.14 onwards.
- 2.9 In comparison with other local authorities, school balances are relatively high, ranking in and around the top third nationally. Leicester's primary school balances rank 53<sup>rd</sup> out of 150 local authorities, secondary balances rank 9<sup>th</sup> out of 148 authorities (or 38<sup>th</sup> excluding BSF reserves) and special schools rank 43<sup>rd</sup> out of 148 authorities.
- 2.10 Of the 106 schools within the City that were not affected by a closure or amalgamation during 2007/08, 59 (56%) have spent less than the funding available and added to the earmarked reserve balances by £5.4m in total. The remaining 47 schools (44%) have overspent against available funds (the budget allocation plus grants) and drawn on reserve balances by £1.4m in total. As schools have access to their own reserves, 'overspending in year' often represents a planned use of sums set aside in earlier years and now spent on items such as those included in the School Development Plan.

### **Schools with a Deficit Balance**

- 2.11 At the end of the financial year 2007/08, four schools (all primaries) had a deficit balance, ranging from £6,500 to £68,000. The deficits arose from a variety of reasons, including schools where pupil numbers are less than the range envisaged by the local funding formula and schools affected by particularly unusual circumstances. Two of the schools are predicting a surplus position for 2008/09. The other two schools have both put in bids for additional funding in 2008/09 whilst taking action during the year.
- 2.12 This was two less schools than were in deficit in 2006/07; of the six schools that were in deficit in 2006/07, five now have a surplus balance, but the other remains in deficit (and is therefore one of the four schools above).

## Comparison to forecasted position during 2006/07

- 2.13 In January 2008, schools' forecast of their outturn indicated that schools' balances would be £17.6m. However, as at 31<sup>st</sup> March 2008, the actual outturn showed that school balances are £19.3m. This is due to a number of factors, possibly including the way that balances are reported.

## Analysis of Schools' Balances

- 2.14 Schools were asked to submit a return analysing the composition of their balance with explanations of its intended use; providing information about certain items which may have been included in their accounts but in effect are not part of their core funding. The categories used in this exercise match those shown in paragraph 2.25 regarding deductions in calculating excessive balances.
- 2.15 It should be noted that responsibility rests with Schools to manage their own budgets, although support and guidance from the CYPS Department is available.
- 2.16 These returns have been examined and currently certain schools are being asked to provide more evidence or more information. An example of this is that schools with a high level of unspent Standards Funds are being asked to demonstrate how this was spent by 31<sup>st</sup> August 2008.
- 2.17 The results of the analysis of the raw data indicate a number of key differences in how schools report their forecast outturn compared to how schools' balances are reported in the Council's Revenue Outturn Report. The key differences are shown in Table 2 below: -

<b>Table 2</b>	<b>Info from School Returns</b>	<b>Closed Schools</b>	<b>Total</b>	<b>% of Total of Schools 2008/09 Budgets</b>
<b>Description</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	
Reported School Balances @ 31/03/08	19.0	0.3	19.3	11.9%
Less : Unspent Standards Fund ( which can be spent up to 31/8/08)	3.5	N/a	3.5	2.2%
Less : Prior Year Commitments	0.8	N/a	0.8	0.5%
Less : Contingency for retrospective budget adjustments	0.0	N/a	0.0	
Less : External Income received but not spent in 2007/08	1.0	N/a	1.0	0.6%
<i>Equals</i> : Adjusted School Balances	13.7	0.3	14.0	8.7%

- 2.18 The adjusted Schools' balance reflects how individual schools report their outturn to the Council as opposed to how it is reported corporately. The balance of £14.0m shown above is equivalent to 8.7% of the total of schools' budgets.
- 2.19 The items shown in Table 2 are in effect committed funds which schools are committed to spend in 2008/09. The remaining balance of £14.0m is held for growth purposes or for a contingency reserve; this is explored later in the report. However, although there will be sound financial reasons for holding contingencies, it is important that an appropriate perspective is maintained and that the current year budgets are spent on the current pupils unless there is a very good reason otherwise.
- 2.20 Committed liabilities are described in more detail below and are matters which would not have been taken into account by schools in the predicted outturn either because it would have been assumed they would be spent or because they are, in effect, outside their core funding.

- Unspent Standards Funds

Many schools have received Standards Fund grant which will not have been fully spent as it will have been planned for use, for teachers' salaries, in the summer term 2008. The grant is eligible to spend over a 17-month period from April 2007 to August 2008. However, the DCSF requires the full grant to be accounted for as income within the financial year.

- Prior Year Commitments

This is to cover items or services that have been ordered in the old financial year but not delivered before 31<sup>st</sup> March and therefore not accounted for within that financial year.

- Contingencies for retrospective adjustments

Some schools build a contingency for this knowing that they could be subject to a negative budget adjustment in the following financial year. This, previously, applied to schools preparing themselves for a retrospective adjustment to their budget in relation to a falling roll; it will now apply only to NNDR (rates) adjustments and is rarely used.

- Unspent income received from external bodies

Some schools received funds from external bodies which have not yet been spent. Examples of this include Lottery, New Opportunities Fund, New Deal or monies from the DCSF.

- 2.21 Schools also identified other commitments as shown in Table 3.

**Table 3**

Description	Info from School returns £m	Closed Schools £m	Total £m	% of Total of Schools' 2007/08 Budgets
Adjusted Balance c/f from Table 2	13.7	0.3	14.0	8.7%
Less: BSF Contingencies	3.4	N/A	3.4	2.2%
Less: Items in the School Development Plan	3.8	N/A	3.8	2.3%
Less: Maintenance	0.6	N/a	0.6	0.4%
Uncommitted Balance	6.0	0.3	6.3	3.9%

- BSF Contingencies

Additional funding was allocated to Secondary schools in respect of BSF in 2005/06, 2006/07 & 2007/08. Schools were initially advised that the purpose of the money was to meet future BSF costs and to build up a fund at school level to contribute towards BSF costs, including the one-off costs of transferring from current premises to the new building. More recent guidance has widened the intended use to costs during the transitional period and to support preparations for BSF and Strategy for Change. At March 2008, thirteen schools had retained all of this funding in a BSF reserve and of these eight had added to the contingency from their mainstream budget. The use of this funding is at schools' discretion as it forms part of their delegated budget funded by DSG, although it is intended to work with schools to ensure that strategic and partnership objectives around BSF are addressed.

- Items approved in the School Development Plan

These are items that have been approved for purchase by the governors and are included in the School Development Plan but have not yet been ordered.

- Balances held for maintenance

Some schools may build up a maintenance fund rather than use the Council's buyback arrangements. The buyback arrangements are that schools who wish to join the scheme pay back a premium to Property Services who then provide a buildings maintenance service. The service a school receives may vary, upwards or downwards, in relation to the premium they have paid, although it should level out over a three year period.

2.22 The uncommitted balance (often held as a contingency) amounts to 3.9% of the Schools Budget.

## Analysis of Schools' Balances as a percentage of Budget

### School Balances as at 31<sup>st</sup> March 2008

2.23 Table 4 shows an analysis of both the reported and the adjusted schools' balances as a percentage of the budget. The bullet points below the table show some of the key impacts arising from using the Adjusted Balances figures. This is the Gross Balance adjusted for committed liabilities, i.e. the figure at the final line in table 3 above.

**Table 4**

<b>Reported Balances</b> (First line from Table 3)				<b>School balances as a %age of 08/09 school budget</b>	<b>Adjusted Balances</b> (final line from Table 3)			
<b>Prim</b>	<b>Sec</b>	<b>Spec</b>	<b>Total</b>		<b>Prim</b>	<b>Sec</b>	<b>Spec</b>	<b>Total</b>
4	0	0	4	< 0%	4	0	0	4
7	1	1	9	0% to 3%	11	1	2	14
7	0	3	10	3.1% to 5%	13	0	2	15
35	1	0	36	5.1% to 10%	37	7	1	44
18	9	1	28	10.1% to 15%	10	8	0	18
10	6	3	19	> 15%	6	1	3	10
<b>81</b>	<b>17</b>	<b>8</b>	<b>106</b>	<b>TOTAL</b>	<b>81</b>	<b>17</b>	<b>8</b>	<b>106</b>

Using the Adjusted Balances figure, it can be seen that:

- The number of schools in deficit stays the same but the amount of the deficit increases.
- The number of schools with a surplus balance under 5% grows from 19 to 29.
- The number of schools with a surplus balance between 5% and 10% grows from 36 to 45.
- The number of schools with a surplus balance between 10% and 15% falls from 28 to 18.
- The number of schools with a surplus balance greater than 15% falls from 19 to 10.
- Overall there are fewer schools with very high balances. However 73 schools (69%) do have balances greater than 5%. It should be noted that, in the case of secondary schools, this adjusted balance includes BSF reserves.

2.24 It should be noted that no particular link between the balances at individual schools and levels of attainment has been identified. Improving Financial Management is part of the action plan that the Local Authority and a School work on together to improve the school.



## Claw-back of Excessive Balances – Current Scheme

2.25 The Council adopted a revised scheme of delegation in 2007. The scheme sets out the financial relationship between the Council and the maintained schools that it funds.

2.26 One of the changes to the scheme introduced the ability for the Council to claw back excess schools' balances. This took into account the following:

- Primary and special schools being allowed to retain 8% of their total Section 52 (delegated budget) allocation
- Secondary schools being allowed to retain 5% of their total Section 52 (delegated budget) allocation
- 6 categories of items that schools are also permitted to retain, these being:
  - Unspent Standards Fund (which can be spent up to August after the financial year end)
  - Prior year commitments
  - Items identified in the School Development Plan
  - Maintenance
  - Retrospective adjustments (to Section 52 funding)
  - External income (not yet spent)

2.27 Therefore the level of balances held by schools needs to be adjusted before an assessment of whether or not the 8% or 5% limits have been exceeded.

2.28 The section of the Scheme for Financing Schools which details "Controls on Surplus Balances" is attached at **Appendix B** for information.

### Schools' Returns - Original

2.29 From the exercise detailed above the position for 2007/08 can be summarised:

	£'m	£'m
Total school balances held		19.3
Less total permitted items:		
Unspent Standards Fund	3.5	
Prior year commitments	0.8	
BSF Reserves	3.4	
School development plan	3.8	
Maintenance	0.6	
Retrospective adjustments	0.0	
External income	<u>1.0</u>	
Surplus balance after permitted items		<u>13.1</u> 6.2

Less amounts schools are permitted to retain of these balances, i.e. 8% for Primary & Specials, 5% for Secondaries, calculated school by school 5.9

Amount available for clawback 0.3

- 2.30 The potential amount for clawback from 2007/08 balances totals £357,160 from six schools (4 primaries, 1 special and 1 secondary). However it should be noted that five of the amounts are not significant (the highest amount being £10,500) and some of these schools are facing challenging circumstances.
- 2.31 It should also be noted that the one school (a secondary) with a potential significant claw-back had built up the surplus to support a particularly challenging year in 2008/09 due to uneven numbers of pupils across the year cohorts and the profiling of external grant income.
- 2.32 Any claw-back of surpluses must be spent on schools block items. Therefore, should a claw-back of such balances be considered, the following use of such clawback could be:
- To assist schools in deficit;
  - To assist towards other budgets that are funded in the Schools Block such as SEN and Inclusion;
  - To contribute towards educational transformation and attainment, as set out in paragraph 2.3; or
  - To redistribute across other schools (although this would have to be achieved through the formula mechanism resulting in the allocation of a small sum to each school).
- 2.33 Any use of clawed back balances would require consultation with the Schools Forum.
- 2.34 However, as the total potential clawback amount, excluding one school, is small, the schools facing potential clawback could be requested to provide plans for spending the amount of potential clawback in a way which positively impacts on teaching and learning in the immediate term.

### **Schools' Returns – CYPs Finance Amendments**

- 2.35 A further exercise was carried out within CYPs Finance to identify where it was felt that schools had placed items into an incorrect category. An example of this is where faculty carry forwards had been included as a prior year commitment, or bank interest counted as external income; it was considered that the appropriate place for these was the contingency. This exercise concluded that it would be possible to claw-back a total of £312,430 from ten schools (4 primaries, 1 special and 5 secondaries, excluding the secondary school discussed in paragraph 2.30). This is based on the assumption that these amendments were correct; schools may think and successfully argue otherwise. Indeed it could be viewed that those schools which have made a fuller and more detailed return, are potentially being penalised in comparison to schools that provided more of a summary response. It is proposed to contact these particular schools warning them that claw-back could have been applied.

## Current Position

- 2.36 During 2008/09, a number of schools have made a call on all or part of their reserves in hand at March 2008, for example for items in the School Development Plan or to support particular challenges during the year. Most secondary schools will have added to their BSF reserve, in line with the agreed purpose of the BSF / Strategy for Change funding.

## Future Changes to Controls on Surplus Balances

- 2.37 Notwithstanding the preceding analysis of schools' balances and the small amount available for claw-back under the current scheme, it is felt that the overall level of balances in Leicester is too high. This is in both the national context where the Government wishes to see school balances reduce, and the local context of the Improvement Notice and the Transforming Leicester's Learning/Raising Achievement Plans.
- 2.38 All schools are to be advised that the current scheme will be more clearly set out and enforced for the end of the current financial year in March 2009 - for example, to preclude the inclusion of faculty carry-forwards as prior year commitments and the counting of bank interest as external income.
- 2.39 The scheme is to be fully reviewed for March 2010, with a view to addressing what are seen as excessive levels of school balances and supporting the principle that current funding should be spent on current children. Substantive changes would require consultation with schools, and Schools Forum approval will be required for any revisions to the Scheme for Financing Schools. Proposals to create a working party to review the scheme, comprising a range of stakeholders, are to be taken forward, which started with a report to Schools Forum in January 2009.
- 2.40 The proposed timeline for the review of the scheme is shown below:-

January 2009	Initial report to Schools Forum
March 2009 to June 2009	Proposals formed with a working party from Schools Forum and others
September 2009	Report to Schools Forum
September to November 2009	Consultation with schools and others
January 2010	Final report to Cabinet and Schools Forum
31 <sup>st</sup> March 2010	New scheme implemented (to take effect from March 2010 or March 2011)

- 2.41 A review of the local funding formula is also in progress with initial proposals around the distribution of funding for deprivation from April 2009. This may impact on balances in the longer term as funding is distributed with a greater focus on deprivation.

### **3 Recommendations**

#### **3.1 Schools Forum** is recommended to:

- a) Consider the report and make any comments for inclusion in subsequent drafts and for the attention of the interim Corporate Director; and
- b) Approve a “technical” breach of the Central Expenditure Limit by up to £3.7m, due to the formal bringing forward of the 2007/08 underspend into the current year’s Schools Budget.

#### **3.2 OSMB** is recommended to consider the report and make comments to Cabinet.

#### **3.3 Cabinet** is recommended to:-

- a) Note the contents of the report;
- b) Comment on the proposals for use of the unspent DSG not delegated to schools, as set out at paragraphs 2.3 and 2.4;
- c) Agree that surplus balances should not be clawed back, but that the schools should be required to provide plans for spending the amount of potential clawback in a way which positively impacts on teaching and learning in the immediate term (as set out in paragraph 2.34);
- d) Agree that the balances judged to be surplus following analysis by CYPs Finance should not be clawed back, and that schools should be advised accordingly, following the proposal in paragraph 2.35;
- e) Note that schools are to be advised of clarifications to the operation of the current surplus balances scheme for March 2009, as in para 2.38; and
- f) Note the proposed arrangements for reviewing the scheme for controlling surplus balances from March 2010, upon which future reports will be brought forward, as set out in paras 2.39 and 2.40.

### **4 Consultations**

4.1 Schools have been consulted on the composition of their individual balances, and additional information is being sought from some schools as set out in the report.

4.2 Schools Forum discussed the report at some length at its January meeting. Members of the Forum were concerned at the overall underspend on budgets not delegated to schools (paras. 2.2 to 2.5). They expressed the view that had funding not been allocated to certain of these budgets in 2007/08 (and in particular the provision for reducing out of City SEN placements), then more funding would have been delegated to schools; and therefore at least part of the £2.4m currently uncommitted underspend (para. 2.4) should now be distributed to schools, to assist with raising standards at school level.

- 4.3 The Forum sought an assurance that following the report to its February meeting on how the £2.4m might be used, it would be able to direct that the funding should be distributed to schools, if it so chose. Officers advised that this was not within the Forum's powers, but that in any case it was hoped that agreement could be reached on the application of the funds for the benefit of the City's children and young people and schools.
- 4.4 The Forum deferred approval of the breach in the Central Expenditure Limit occasioned by the carrying forward of the underspend until its February meeting, when the matter would be reconsidered in the light of the issues set out above.
- 4.5 Schools Forum shared the Department's concern at the apparently high balances held by some schools, whilst recognising that the picture is mixed and that reasons for holding balances vary from school to school.
- 4.6 The Forum was concerned at the conclusions that could be drawn from the publication of the headline school balances at Appendix A. Officers agreed to add an explanatory note about the uses for which the balances can be held and an analysis of the secondary school balances excluding BSF reserves (these are explained in some detail in paras. 2.20 and 2.21 in the body of the report).

## 5 Financial, Legal, Other Implications

Other Implications	No	
School improvement	Yes	Throughout
Equal Opportunities	No	-
Sustainable & Environmental	No	-
Crime & Disorder	No	-
Elderly/People on low income	No	-
Human Rights Act	No	-

5.1 The report is concerned solely with financial issues.

5.2 Legal Implications:

The report is largely concerned with funding and budget issues and there are no legal issues arising directly out of the report. Legal issues may arise and guidance/clarification may be needed in the future about the part of the budget delegated to schools

Cathy Healy, Team Leader, Community Services law x 6712

## 6 Authors of Report

Trevor Pringle, Service Director, Strategic Planning, Commissioning & Performance, ext. 29 7715

Kate McGee, Financial Services Manager (Schools), ext 29 7751

Colin Sharpe, Head of Finance and Efficiency, ext. 29 7750

18.02.09

<b>Key Decision</b>	Yes
<b>Reason</b>	Is significant in terms of its effect on communities living or working in an area comprising more than one ward
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)

**Appendix A****School Headline Balances at 31<sup>st</sup> March 2008**

(Ref. Paragraph 2.7, Table 1 in report)

<b>School</b>	<b>Balance at 31 March 2008</b>	<b>% of 2008/09 Budget</b>
<b><u>Primary Schools</u></b>	<b>£</b>	<b>%</b>
ABBAY PRIMARY COMMUNITY SCHOOL	95,560	6.78%
AVENUE PRIMARY SCHOOL	95,937	7.54%
ALDERMAN RICHARD HALLAM PRIMARY	49,394	3.02%
BARLEYCROFT PRIMARY	68,669	7.19%
BELGRAVE CE PRIMARY	-36,116	-5.88%
BEAUMONT LODGE	34,923	5.45%
BRAUNSTONE FRITH INFANTS	46,504	5.79%
BRAUNSTONE FRITH JUNIOR	109,765	13.60%
BRIDGE JUNIOR	61,761	6.36%
BUSWELLS LODGE	202,456	15.87%
BRAUNSTONE COMMUNITY PRIMARY	103,890	8.94%
CALDECOTE PRIMARY	164,434	13.03%
CATHERINE INFANTS	148,924	15.03%
CATHERINE JUNIOR	115,013	11.39%
CHARNWOOD PRIMARY	132,446	11.62%
CHRIST THE KING RC	93,107	10.57%
COLEMAN PRIMARY	105,124	6.45%
DOVELANDS PRIMARY	120,744	9.12%
EVINGTON VALLEY PRIMARY	62,209	6.51%
EYRES MONSELL PRIMARY	133,776	14.58%
FOLVILLE JUNIOR	65,539	6.64%
FOREST LODGE PRIMARY	90,664	8.18%
FOSSE PRIMARY	23,588	2.29%
GRANBY PRIMARY	63,526	5.91%
GREEN LANE INFANTS	65,478	7.52%
GLEBELANDS	11,381	1.55%
HAZEL PRIMARY	150,570	20.67%
HERRICK PRIMARY	46,394	5.44%
HEATHERBROOK	12,238	2.13%
SPARKENHOE PRIMARY	120,796	8.75%
HIGHFIELDS PRIMARY	82,926	8.90%
HOLYCROSS RC PRIMARY	52,017	7.82%
HUMBERSTONE INFANTS	34,567	4.18%
HUMBERSTONE JUNIOR	11,897	1.46%
IMPERIAL AVENUE INFANTS	97,149	13.54%
INGLEHURST INFANTS	97,738	12.17%
INGLEHURST JUNIOR	171,069	19.57%

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

<b>School</b>	<b>Balance at 31 March 2008</b>	<b>% of 2008/09 Budget</b>
KESTREL FIELDS PRIMARY	68,350	7.46%
KING RICHARD INFANT	168,487	24.74%
KNIGHTON FIELDS PRIMARY	29,170	4.11%
LINDEN PRIMARY	130,769	11.46%
MARRIOTT PRIMARY	80,520	8.25%
MAYFLOWER PRIMARY	75,157	7.11%
MEDWAY PRIMARY	-16,970	-1.36%
MELLOR PRIMARY	70,714	5.72%
MERRYDALE INFANTS	52,961	5.80%
MERRYDALE JUNIOR	70,481	7.35%
MONTROSE PRIMARY	88,855	7.74%
MOWMACRE HILL PRIMARY	66,347	8.41%
NORTHFIELD HOUSE PRIMARY	128,045	13.07%
OVERDALE INFANTS	4,344	0.63%
OVERDALE JUNIOR	176,244	19.15%
PARKS PRIMARY	139,162	13.68%
QUEENSMEAD PRIMARY	186,991	13.38%
ROWLATTS HILL PRIMARY	32,649	3.68%
RUSHEY MEAD PRIMARY	135,161	10.79%
ROLLESTON PRIMARY	115,104	12.59%
SACRED HEART RC PRIMARY	348	0.03%
SANDFIELD CLOSE PRIMARY	152,820	15.18%
SCRAPTOFT VALEY PRIMARY	96,983	10.37%
SHAFTESBURY JUNIOR	88,190	13.66%
SHENTON PRIMARY	44,334	3.71%
SLATER PRIMARY	-67,943	-14.47%
SPINNEY HILL PRIMARY	184,406	11.28%
ST BARNABAS PRIMARY	94,678	11.50%
ST JOHNS PRIMARY	24,016	2.20%
ST JOSEPHS RC PRIMARY	31,192	4.46%
ST MARYS FIELDS INFANTS	28,548	5.69%
ST PATRICKS RC PRIMARY	56,949	9.01%
HOPE HAMILTON C OF E PRIMARY	49,183	5.86%
ST THOMAS MOORE RC	62,738	9.20%
STOKES WOOD PRIMARY	151,665	16.06%
TAYLOR PRIMARY	284,266	19.40%
THURNBY LODGE PRIMARY	52,442	6.17%
UPLANDS INFANTS	64,785	5.45%
UPLANDS JUNIOR	435,723	32.47%
WHITEHALL PRIMARY	68,809	5.89%
WILLOWBROOK PRIMARY	76,735	7.08%
WOLSEY HOUSE PRIMARY	68,584	5.88%
WOODSTOCK PRIMARY	-6,547	-0.61%
WYVERN PRIMARY	37,640	3.20%
<b>Total Primary Schools</b>	<b>6,989,178</b>	<b>8.73%</b>

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

School	Balance at 31 March 2008	BSF Reserves	Balance excl BSF reserves	% of 2008/09 Budget
<b><u>Special Schools</u></b>				
OAKLANDS	40,922			4.52%
ELLESMERE COLLEGE	112,996			4.45%
KEYHAM LODGE	455,438			50.96%
NETHERHALL SCHOOL	135,282			10.76%
CHILDREN'S HOSPITAL SCHOOL	168,176			19.51%
ASH FIELD	111,418			4.96%
MILLGATE	247,756			19.16%
WEST GATE	22,127			1.00%
<b>Total Special Schools</b>	<b>1,294,119</b>			<b>10.6%</b>
<b><u>Secondary Schools</u></b>				
BEAUMONT LEYS	520,328	197,622	322,706	8.34%
BABINGTON CC	1,176,399	184,311	992,088	23.11%
CITY OF LEICESTER	741,020	102,880	638,140	11.17%
CROWN HILLS	634,581	377,837	256,744	5.62%
ENGLISH MARTYRS	466,218	202,078	264,141	7.21%
HAMILTON	402,841	218,805	184,036	4.74%
JUDGEMEADOW	459,109	272,051	187,059	4.3%
LANCASTER BOYS	490,308	221,295	269,014	6.52%
MADANI HIGH SCHOOL	288,742	N/A	288,742	14.78%
MOAT CC	690,499	197,590	492,909	11.77%
FULLHURST CC	382,437	252,522	129,915	3.67%
NEW COLLEGE	686,661	0	686,662	18.04%
RIVERSIDE	84,858	0	84,859	2.67%
RUSHEY MEAD	976,301	379,690	596,611	12.03%
SIR JONATHAN NORTH	1,428,782	363,655	1,065,128	24.42%
SOAR VALLEY	1,100,209	299,226	800,984	17.75%
ST PAULS RC	301,885	169,344	132,542	3.57%
<b>Total Secondary Schools</b>	<b>10,831,186</b>	<b>3,438,906</b>	<b>7,392,280</b>	<b>10.77%</b>
<b>All Schools</b>	<b>19,114,484</b>		<b>15,675,578</b>	<b>9.74%</b>
Closed Schools	193,994			N/A
<b>Total Balances as per Report, Table 1</b>	<b>19,308,478</b>			

**It should be noted that the above figures are the raw balances and will include commitments such as items in the School Development Plan.**

*A negative figure means that the school was in deficit.*



**Appendix B****Leicester City Council****Scheme for Financing Schools  
2007****Section 48 of  
School Standards and Framework Act 1998****4.2 Controls on Surplus Balances**

## a) Three Year Budgets

The LA will issue to schools, by the end of October each year, an indicative budget calculator which will allow each maintained school to calculate an estimate of its school budget share. It will also include details of central government grant income paid via the LA for the two financial years following the current financial year. The estimate will be provided in a format determined by the LA and this format may include provision of information within an electronic budget modelling system. The indicative calculator will use information available to the LA at the date of preparation and will necessarily be provisional in nature, implying no commitment on the part of the LA to fund the school at the level shown in the estimate.

## b) Controls on Surplus Balances

Surplus balances held by schools, as permitted under this scheme, are subject to the following restrictions with effect from 1<sup>st</sup> April 2007.

a. the LA shall calculate by the 31<sup>st</sup> May each year, the surplus balance, if any, held by each school as at the preceding 31<sup>st</sup> March. For this purpose the balance will be the recurrent balance as defined in the Consistent Financial Reporting;

b. the LA shall deduct from the calculated balance any amounts for which the school has prior year commitment to pay from the surplus balance and any unspent Standards Fund grant for the previous financial year;

c. the LA shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA as listed below, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously

declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned.

1. Items in the schools development plan that have been approved for action by the governing body and may include replacement of IT or other items of equipment (i.e. have been included in the following years budget)
2. Balances held for future maintenance (i.e. A maintenance fund rather than buying into the buy back)
3. the LA shall then deduct from the resulting sum any amounts which the governing body of the school has declared to be assigned for specific purposes permitted by the LA, and which the LA is satisfied are properly assigned. To count as properly assigned, amounts must not be retained beyond the period stipulated for the purpose in question, without the consent of the LA. In considering whether any sums are properly assigned the LA may also take into account any previously declared assignment of such sums but may not take any change in planned assignments to be the sole reason for considering that a sum is not properly assigned. [This condition is intended to ensure schools can build up reserves towards particular projects but cannot defer implementation indefinitely].

d. if the result of steps a to c above is a sum greater than 5% of the current year's budget share for secondary schools, 8% for primary and special schools, or £10,000 (where that is greater than either percentage threshold), then the LA shall deduct from the current year's budget share an amount equal to the excess. [The thresholds are the maximum permitted. The DCSF will accept (a) lower thresholds or (b) higher thresholds for particular types of schools where the LA can justify them].

Funds deriving from sources other than the LA will be taken into account in this calculation if they have been paid into the budget share account of the school, whether under provisions in this scheme or otherwise.

Funds held in relation to a school's exercise of powers under s.27 of the Education Act 2002 (community facilities) will not be taken into account unless added to the budget share surplus by the school as permitted by the LA.

The total of any amounts deducted from the schools' budget shares by the LA under this provision are to be applied to the Schools Budget of the LA.