

SCHOOLS' FUNDING FORUM

SUBJECT:	2012-13 Outturn, 2013-16 Three Year Financial Plans and Support for Schools in Financial Difficulty
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SUMMARY OF REPORT:	
Provide an overview of the end of financial year position for 2012/13 for all Kent maintained schools.	
Provide an overview of the three year financial plans, covering the period 2013/14 to 2015/16 for Kent maintained schools and the support provided by Schools Financial Services for schools reflecting financial difficulties.	
FOR:	Information only

1. 2012/13 Outturn

- 1.1 The end of the 2012/13 financial year position (i.e. as at 31 March 2013) for Kent's maintained schools was as follows:

1	No of maintained schools		463
2	Total Revenue reserves		£38.193m
3	B01	Committed	£9.182m
4	B02	Uncommitted	£28.697m
5	B06	Community Facilities	£0.314m
6	No of schools in deficit		8
7	Total value of revenue deficits		£0.364m
8	Total Capital reserves		£0.621m
9	B03	Devolved Formula Capital	£0.344m
10	B05	Other Capital Balances	£0.277m

- 1.2 A "like for like" comparison, by excluding the effect of schools converting to academy status, shows that the level of revenue reserves for the 463 maintained schools increased by **£2.983m** between 2011/12 and 2012/13. This movement can be analysed between the phases as follows:
- a) Primary Schools +£0.766m
 - b) Secondary Schools +£0.788m
 - c) Special Schools +£1.429m

- 1.3 Please note that the total capital reserves and the devolved formula capital reserves (B03) are net figures which include a number of large capital expenditure items which temporarily show as a deficit. It is shown this way as the expenditure is financed by a loan from the Local Authority (LA) on a temporary basis. In total these loans account for approximately £5m.
- 1.4 Attached at appendix 1 is a summarised table of the outturn position for Kent maintained schools (in the same format as previous years).

2. 2013/16 Three Year Financial Plans

- 2.1 With increased pressures on school budgets and from the DfE to improve standards together with conversion to academy status there is a need for Schools Financial Services (SFS) to provide a more holistic and proactive approach of support. A reduction in LA funding within the ELS Directorate requires schools to prioritise financial accountability responsibilities, for example in meeting compromise agreements. SFS has diversified to meet these needs by supporting schools in negotiating loan agreements, short term overdraft facilities to ease cash-flow problems and monitoring proposed academy conversions.
- 2.2 SFS have received 457 three year budget plans at the time of writing this report, four waiting to be submitted and two to be re-submitted. It is a requirement of the LA to review the three year plans. However, due to DfE changes in funding, the income element delegated to schools from the LA cannot be reconciled as in previous years. Schools now hold special needs and early years information and funding is calculated in 'real time'. Analysis of six and nine monthly monitoring should provide more useful data as it will include actual income and expenditure to date.
- 2.3 SFS uses all of this information to arrange visits and support for schools and governors to prepare realistic Management Action to address deficit balances, using the SFS Financial Planning Tool. SFS works collaboratively with the Academy Conversion Team and colleagues in School Improvement enabling a joined up approach to support and monitor schools either proposing to acadamise or experiencing financial difficulties. If schools are in the Nat West Corporate Bank Scheme SFS monitors bank balances enabling prompt supportive action where necessary.
- 2.4 Feedback is given to all schools on their three year budget plan. Analysis of the six and nine monthly monitoring together with the three year budget plan informs the LA of any predicted financial difficulties. Further feedback is given and an intervention strategy is agreed with the school.
- 2.5 Using data analysis during 2011/12 SFS has supported numerous schools resulting in fewer predicted deficit balances as evidenced in the following figures:

	Predicted Deficit as per 3 Yr Plan submitted 2013/14	Predicted Deficit as per 3 Yr Plan submitted 2012/13
Yr 1 2013/14	5	10
Yr 2 2014/15	10	16
Yr 3 2015/16	25	N/A

- 2.6 With the changes in school budgets and reduced funding available to support standards there will be increased pressures on school budgets. Using information received within SFS plus collaborative working with ELS colleagues the LA will be aware of any issues to proactively plan appropriate Management Action. The Schools Financial Services Manager regularly attends meetings with the School Improvement Advisors and the Principal Primary Advisor for Kent recently gave a presentation at the SFS team meeting. A more detailed report on this collaborative working is being prepared for the Senior Management Team and will be shared with the Forum in the autumn.

3. Recommendations

- 3.1 Members of the Forum are asked to note the contents of this report.