

MEETING:	SCHOOLS FORUM
DATE:	17 MAY 2010
TITLE OF REPORT:	FORECAST SCHOOL BALANCES 2009/10
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide – All Schools

Purpose

To update Schools Forum on forecast school balances for 2009/10.

Key Decision

This is not a Key Decision.

Recommendation

THAT School Forum is asked to:

note the forecast school balances and that the final balances will be tabled on the day.

Key Points Summary

- New process for forecasting school balances introduced October 2009
- Final school balances for 09/10 to be tabled on the day
- Five schools forecast to be in deficit

Alternative Options

- 1 There are no alternative options for consideration.

Reasons for Recommendations

- 2 This item was deferred from the February 2010 meeting of Schools Forum, when the report was to provide a forecast outturn position based on the latest information and analysis in January 2010.

Further information on the subject of this report is available from
Malcolm Green, Schools Finance Manager on (01432) 260818

Introduction and Background

- 3 This report will be superseded by the final school balances paper which will be available mid May and tabled on the day of Schools Forum. Currently the closure of school accounts is in progress with adjustments being made for creditors, debtors and March supply claims.
- 4 A new process for forecasting school balances was introduced in October 2009. The previous process involved distributing half and three quarter year monitoring sheets to schools. However little feedback was received from schools to facilitate a reasonable forecast prediction so a new process was introduced. The new process is based on a statistical forecast that is prepared and distributed monthly by finance to schools from October onwards. Due to the methodology adopted it is expected that the forecast will increase in accuracy as the year progresses. It also includes an estimate of the potential balance clawback at year end in order to give schools early warning that their spending may not be as planned. Schools have the opportunity to comment and amend the figures with justification and evidence. Quarterly monitoring from bank account schools is also now included so that a complete picture is available.
- 5 The LMS team regularly receive requests from schools for budget virements which have been prompted by the forecast, demonstrating they are responding to the information received and reviewing their budget and expenditure. The forecast information also proves valuable in helping to identify schools with potential future budget problems and to monitor the progress of schools with licensed deficits. It is further intended to review the quality of the forecasts by comparing the monthly forecasts with the final school balances when these are available in mid-May. Improvements to the forecasting methodology will be made wherever possible for the next financial year and periodically reported to Schools Forum.
- 6 Based on the forecast information, school balances (excluding the Academy) are expected to be £5.3m compared to £5.0m in 2009/10. There could be a clawback or transfer to capital of up to £1m. Five schools are forecast to be in deficit as follows;

Dilwyn	-£3,874
Broadlands	-£73,050
St Weonard's	-£13,571
Aylestone	-£56,622
Brookfield	-£7,986

Licensed Deficit agreements have been agreed for St Weonard's, Aylestone and Brookfield and the schools are on course as agreed in their plan to achieve a balanced budget. The deficit recovery plan for Broadlands requires further work with the school in 10/11 to ensure that the deficit does not exceed the agreed £120k. No recovery plan has as yet been discussed with Dilwyn and the school is currently subject to a consultation on it's future.

- 7 Additionally, two schools have been permitted to carry forward excess balances due to exceptional circumstances. Lady Hawkins will use their excess balances in 2010/11 and 2011/12 to minimise the future cost of redundancies by not filling teaching vacancies arising from routine staff turnover wherever possible as part of an agreed three year staffing reduction plan. Their balances are within the clawback limits this year but are planned to be £70,000 over the limit at the end of financial year 10/11. Approval has been given for this year initially to Leominster Junior to carry forward balances of £153,000 (£66,000 in excess of the limit) to maintain the existing staffing structure of the school prior to the amalgamation of the infant and

junior schools in September 2012. The infant and junior schools are working together to plan for a successful transition to the new primary school. A further business plan from both schools regarding their use of balances is due in January 2011 and a further decision taken by the new Director at that time.

We have dealt with Kimbolton by way of a loan so that no approval re excess balances is needed balances carry forward. They are 1 of six schools taking a loan. The loan will be paid in 10/11 when the severance cost falls due. We don't need to include this unless you specifically want to.

Key Considerations

8 None identified.

Community Impact

9 None identified.

Financial Implications

10 Any irrecoverable deficits are effectively funded by all schools from within Dedicated Schools Grant.

Legal Implications

11 It is confirmed that these proposals are consistent with the Council's legal duties.

Risk Management

12 The actual year end balances will be tabled at the Schools Forum meeting on 17th May 2010.

Consultees

13 None.

Appendices

14 Schedule of forecast school balances 2009/10.

Background Papers

Individual school forecasts October 2009 to March 2010.