Report to: Schools Forum

Date: 13th June 2019

Report of Julie Young, Assistant Director Education and Early Years

Paul Stevenson, Interim Finance Business Partner, Educ. & Skills

Title: Role of Schools Forum in the level of school deficits.

1. **Purpose of the report**

To inform Schools Forum of the level of school deficits and the processes in place to try and control the level of school deficits.

To determine the role of Schools Forum in mitigating the financial risk to all Birmingham schools, if financial deficits continue to rise.

1. **Overview**

2.1 Schools forums have a consultative and advisory role in school funding and financial matters. Local authorities have responsibility for establishing schools forums and the ongoing responsibility to provide appropriate support, information and guidance in carrying out their functions and responsibilities.

The schools forum good practice guide, published by the DfE in September 2019, highlights the effectiveness of schools forum is determined by the relationship between it and its local authority. The DfE guide identifies a number of characteristics that are particularly important, including the partnership having a shared understanding of the priorities, issues and concerns of schools, academies and the local authority

2.2 This paper suggests additional elements schools forum should consider adopting, in order to strengthen the shared understanding and oversight of the level of school deficit budgets.

2.3 A report was considered by The City Council’s Management Team (CMT) in January 2019, which gave background to the level of school deficits in Birmingham. A further update was provided in May 2019, which reported the 2018/19 accounts.

2.4 This report highlighted the 2018/19 out-turn position there were 53 schools with deficits with the overall deficit of £12,573m. This compares to a comparative number of 37 schools in deficit at the end of 2017/18 and a total deficit of £10.952m on a like for like basis.

This increase, which equates to a £1.621m on 14.8% increase is clearly concerning and has occurred despite a number of measures already being taken.

2.5 In order to address this position 12 months ago a School Finance Governance Board was established, which is now chaired by Dr Tim O’Neill. There is a detailed action plan which identifies the additional measures to be taken.

* The main areas of action are:
  + Strengthening the Schools Finance Governance Board
  + Increased engagement of the Schools Forum
  + Stronger Management of School Deficits focussing on risk and formal warning notices
  + Enhanced Escalation and Communication plan
  + Maximising Value for Money through use of surplus capacity
  + Improved Monitoring of Effectiveness of Financial advice from external partners
  + Closer working with the Schools Audit team

2.6 All schools financial position will be monitored as a minimum on a quarterly basis and a report produced so that the overall position is monitored, and targeted remedial action can be taken as necessary. Schools which have a significant level of deficit are to be monitored on a monthly basis.

1. **Recommendations**

Schools Forum are asked to approve the adoption of the following recommendations, in order to develop a shared understanding and oversight of the level of school deficit budgets.:-

* Identify a Schools Forum representative to sit on the Schools Finance Governance Board,
* Amend Schools Forums terms of reference to include the City Councils section 151 officer, who provides oversight of financial, statutory and constitutional requirements,
* Receive quarterly reports on the position of individual school budgets and the progress of actions being taken to address school deficits,
* Develop a Birmingham ‘clawback’ policy of individual surplus school balances, in order to maximise the designated School Budget across the City,
* Complete the DfE’s Schools Forum self-assessment toolkit, to determine aspects of good practice and areas for further development,
* Develop a good practice guide and build capacity, within a self -improving system, to support schools who are facing financial pressures.