

Schools Forum			
REPORT TITLE	Spending review of selected DSG budgets - Capital Expenditure from Revenue (CERA)		
KEY DECISION	Yes	Item No.	7
CLASS	Part 1	Date	30 June 2016

1. Purpose of the Report

As part of the budget setting process it was agreed that it was not possible to review all the budgets in the Dedicated School Grant in one meeting when the total Dedicated School Grant budget is set as it did not allow sufficient time to give proper consideration to the issues. Officers were asked to bring a rolling programme of reviews. This report reviews the Capital Expenditure from Revenue (CERA) budget.

2. Recommendation

The Forum note the report

3. Planned programme

- 3.1 The High Needs sub group looked at all the budgets within the high needs block last year and it is not intended to review these budgets again this year.

This will leave the CERA budget to be considered at this meeting and the expenditure out of the Early Years block to be reviewed at the meeting on 6 October 2016.

4. Capital Expenditure from Revenue (CERA) budget.

The budget is made up of three elements

Ref	Heading	£m
1	PFI scheme and BSF Contribution. This provides funding to cover the funding gap between the cost of the schemes and the grants received from central government and the contributions by schools.	2.4
2	Minor capital works This funding is used to support additional capital	1.2

	works for schools.	
3	Support for Schools' Capital Projects	0.3
	Management support to schools undergoing major capital projects	
Total		3.9

The Schools Forum agreed the Support for Schools Capital Projects funding on 10 December 2015. The budget was set a £325k for 2016/17 this was a £100k lower than 2015/16 budget of £410k.

The rest of the budget also agreed on 10 December 2015.

4. National Regulations

- 4.1 The national regulations stipulate “Expenditure commonly known as CERA (capital expenditure which an authority expects to charge to a revenue account of the authority within the meaning of section 22 of the Local Government Act 2003) and where the expenditure relating to the specific project had been approved prior to 1st April 2013. It does not count as a commitment to have identified a budget for different capital works each year”.
- 4.2 The DFE preferred approach is that the contribution to the PFI and BSF Schemes should be built into the ISB allocation for each school with a relevant scheme. The funding then has to be reclaimed from the school. In the past Lewisham has not done this as there is an administration burden. With more schools become academies this is not a sustainable position. In preparation for the national schools funding formula the DFE asked Local Authorities to complete a return on the use. This reiterated all PFI / BSF should be in schools budgets and from April 2017 it is proposed this will be case.

The rest of funding should not be held centrally but delegated to schools. The asset management programme (£1.5m funding for small capital works) and contribution towards the management of schools who are undergoing major capital works should not be funded as they relate to new capital schemes and not to work prior to April 2013.

5 Conclusion

In relation to the asset management programme there are two possible outcomes; either schools will be asked for more contributions towards schemes or fewer schemes will need to be undertaken.

In relation to the management support, there will be no support provided from 2017/18 onwards.

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