

<b>Schools Forum</b>			
<b>REPORT TITLE</b>	<b>Committed Funds Scheme</b>		
<b>KEY DECISION</b>	<b>No</b>	<b>Item No.</b>	<b>7</b>
<b>WARD</b>	<b>N/A</b>		
<b>CLASS</b>		<b>Date</b>	<b>17<sup>th</sup> October 2019</b>

## **1 Purpose of the Report**

- 1.1 The purpose of this report is to provide Schools Forum with proposed process for considering the implementation of the Committed Funds Scheme as discussed at the last Schools Forum meeting. For clarification, this is a voluntary scheme and funds will continue to remain as part of the schools balances. It merely assists the schools to decipher between committed and non-committed funds for the benefit of budgeting.

## **2 Recommendation**

- 2.1 Schools Forum is asked to :-

- 2.1.1 Note the contents of this report
- 2.1.2 Recognise that the scheme is voluntary and is intended to support schools with established budgets for specific allowable commitments, to distinguish these from “business as usual funds”.
- 2.1.3 Approve the operation of the scheme as set out in Appendix A

## **3 Background**

- 3.1 At the July Schools Forum meeting the interim Finance Manager informed Forum that the level of school balances on closure of accounts had increased by £4.5m from £14.1m in 2017/18 to £18.6m in 2018/19.
- 3.2 Engagement with schools informed us that a fair proportion of these funds relate to commitments that are “allowable”- i.e. deemed exempt from clawback under the clawback mechanism set out in the Lewisham Scheme for Financing Schools.

## **4 Committed Funds**

- 4.1 The Scheme for Financing Schools as it presently stands notes the following allowable commitments as exempt from the balance control mechanism :
- capital works;

- savings to fund enhancements to new builds from the Building Schools for the Future programmes and Private Finance Initiatives;
- funding shortfalls for future temporary drops in pupil numbers;
- funds to dampen the effects of step increases in pupil numbers that occur in September but are not funded until the following financial year;
- Single status;
- joint school collaboration projects which run over more than one year;
- accruals that should have taken place but could not be actioned in time for closing the accounts;
- and any administrative error in the accounts.

4.2 Lewisham no longer applies the balance control mechanism and the collection of information regarding the above criteria has not been in place. As part of the changes we would be asking schools to provide details for committed spend.

4.3 During visits to schools, it was often difficult to understand the true financial position of the school. The possibility to offer schools the ability to keep funds aside for specified commitments was discussed in appropriate cases. Feedback suggested this would be helpful for both the school and the Local Authority.

4.4 For clarity, the process merely splits long term committed spend from non-committed spend for no other purpose than “presentation for clarity”. The funds continue to belong to the school.

4.5 To ensure the committed funds are lodged for “bona fida” purposes application criteria is attached at Appendix A. Schools lodging funds will need to provide evidence that the money is being spent on the purpose intended.

4.6 This is a voluntary scheme for schools who feel it would offer greater clarity in their budget discussions with the Governing Body and Local Authority.

## **5 Further Information**

5.1 Should you require any additional information regarding the items contained in this report please contact:

Mala Dadlani  
Interim Group Finance Manager for CYP on 020 8314 3581  
[mala.dadlani@lewisham.gov.uk](mailto:mala.dadlani@lewisham.gov.uk)

Or

Selwyn Thompson  
Head of Financial Services on 020 8314 6932  
[selwyn.thompson@lewisham.gov.uk](mailto:selwyn.thompson@lewisham.gov.uk)

## Appendix A

### **Process for Committed Funds**

#### **1. Purpose of Scheme**

- 1.1. This scheme is a voluntary facility which allows schools to “commit funds” for specific committed purposes.
- 1.2. Once “committed” the schools will be required to provide evidence that the funding has been spent for the purpose intended (e.g. capital works).
- 1.3. The key benefit of this scheme is that it allows the committed funds to be presented as split from the general uncommitted spend. This would be helpful to the school, the governing body and the LA in finance discussions which are often confused by the “committed balances”.

#### **2. How to apply**

- 2.1. Schools that want to apply will be required to complete the form below, stating
  - Name of School
  - Contact person at school e.g. Bursar
  - Value of Funds
  - Purpose of Funds
  - Estimated spend
  - Estimated spend date
  - Date agreed with Governing body.
  - Signed by Chair and head teacher

#### **3. How to access funds**

- 3.1. Schools need to advise the LA 5 working days prior to accessing the funds with some backup e.g. invoice.

#### **4. What happens to funds no longer required**

- 4.1. Schools simply provide reasoning e.g. quote lower than planned, or change in priority etc. The funds will be transferred back to the schools uncommitted position.

#### **5. Can the LA control my funds**

- 5.1. No. funds belong to the school.

## 6. Template

Name of Schools	
School Contact	
Name	
Designation	
Phone number	
Email	

Value of funds to lodge £	£20,000
Total funds required to be lodged as committed	£30,000
Funds to add	£10,000
Purpose of Committed Spend	Match funding towards sen playground
Expected spend date	March 2022

Please provide a brief description

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Signed by

**Chair of Governors**

Name (please print)

Date

**Head Teacher**

Name (please print)

Date