

Accounting for the Pupil Premium Grant at year end and the subsequent impact on the Controls on Surplus Balances Scheme

Purpose of the paper

1. To consider and decide upon the treatment of the Pupil Premium Grant in respect of the Controls on Surplus Balances Scheme.

Background

2. The PPG was introduced in April 2012 with the aim of providing schools with the resources with which to implement strategies to address educational inequalities such that the existing attainment gap, between pupils from the most deprived backgrounds and their wealthier peers, is narrowed.
3. It is additional funding, paid to local authorities by means of a specific grant, and allocated to children who are currently either eligible for Free School Meals or who have been looked after for more than 6 months. Children of parents who serve in the armed forces are also eligible in recognition of the additional support that their school must provide, e.g. mentoring.
4. Schools are considered to be best placed to assess the additional provision that should be made for individual pupils within their responsibility and have, therefore, been given freedom over how they spend the PPG. To ensure transparency and accountability, Government will require schools to publish information about how they have used their allocations from September 2012. In an effort to identify any narrowing of achievement gaps, new measures will also be included in the performance tables that will capture the achievement of those deprived pupils covered by the PPG.
5. The DfE published the Conditions of Grant in December 2011 which states that the PPG does not have to be completely spent by schools in the financial year beginning 1 April 2012 and that some, or all, of it may be carried forward to future financial years. The DfE has advised that schools are not required to maintain separate financial records to record how the money is spent as the focus will be on outcome reporting.
6. With effect from April 2011, the DfE have removed the requirement for local authorities to have a mechanism in place to clawback excess surplus revenue balances although regulations allow authorities to have a scheme in place if they wish. At their meeting on 1st December 2011, Schools Forum agreed to continue with the existing Controls on Surplus Balances Scheme in 2012/13.

Main Considerations

7. Wiltshire's current Controls on Surplus Balances Scheme focuses on those schools that have revenue balances exceeding the permitted thresholds of 5% and 8% for secondary and primary/special schools respectively. These schools are required to justify their excess balances at year end by submitting an Intended Use of Revenue Balances return.
8. The permitted thresholds are calculated at 5% and 8% of the current year's budget share. Consideration should be given to whether or not the PPG should be included when establishing a school's permitted revenue balance threshold.
9. Unspent PPG will be included in revenue balances at year end and will, therefore, increase the potential for schools to have balances over their permissible limits as defined in the Controls on Surplus Balances Scheme. Consideration should be given to amending the Scheme to include the assignation of unspent PPG as a specific revenue reserve for which governing bodies may retain funds.
10. If this is agreed, unspent PPG must be included in Section 2 of the Intended Use of Revenue Balances return for the financial year ending 2011/12. Information will be required in support of an assignation which is a challenge given that schools are not required to maintain formal records.
11. To facilitate this process it could be assumed that schools have spent their PPG unless they can prove otherwise by, for example, accounting for their PPG expenditure separately in a unique cost centre in order to identify an unspent balance at year end. As schools are not required to maintain separate financial records to record how the money is spent, an alternative is for schools to include a written statement, on their Intended Use of Revenue Balances return, in support of any unspent PPG.
12. The procedure which is agreed must be communicated to schools as a matter of urgency in order for them to initiate it.

Proposals

13. That Schools Forum considers an amendment to the Controls on Surplus Balances Scheme to include the assignation of unspent PPG as a specific revenue reserve for which governing bodies may retain funds.
14. That Schools Forum agrees a procedure to be followed by schools to evidence unspent PPG at year end.
15. That Schools Forum considers whether to include the PPG funding when calculating the permissible thresholds for the retention of revenue reserves. Currently calculated at 5% and 8% of the current year's budget share. The impact of this action would be to increase the limit of general balances permissible under the Controls on Surplus Balances Scheme.

Recommendation

16. That Schools Forum comments on the above proposals and agrees how unspent PPG should be treated under the Controls on Surplus Balances Scheme.

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Unpublished documents relied upon in the production of this Report: NONE

Environmental impact of the recommendations contained in this Report: NONE
KNOWN

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