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## NOTICE OF MEETING

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# SCHOOLS FORUM

will meet on

**TUESDAY, 22ND SEPTEMBER, 2020**

**At 2.00 pm**

in the

**VIRTUAL MEETING - ONLINE ACCESS, [YOUTUBE](#)**

TO: MEMBERS OF THE SCHOOLS FORUM

SCHOOL REPRESENTATIVES: MAGGIE CALLAGHAN, ISABEL COOKE, SARAH COTTLE, JOHN FLETCHER, AMANDA HOUGH, ANDREW MORRISON, JOOLZ SCARLETT, CATHRIN THOMAS, MARTIN TINSLEY (CHAIRMAN), CHRIS TOMES (VICE-CHAIRMAN) AND MIKE WALLACE.

GOVERNORS: STEPHEN MCCORMAC

NON-SCHOOL REPRESENTATIVES: AMANDA DEAN

Karen Shepherd – Head of Governance - Democratic Services - Issued: 04/09/20

Members of the Press and Public are welcome to attend Part I of this meeting. The agenda is available on the Council's web site at [www.rbwm.gov.uk](http://www.rbwm.gov.uk) or contact the Panel Administrator **Fatima Rehman 01628 796251**

**The Part I (public) section of this virtual meeting will be streamed live and recorded via Zoom. By participating in the meeting by audio and/or video you are giving consent to being recorded and acknowledge that the recording will be in the public domain.**

## AGENDA

### PART I

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## MEMBERS' GUIDE TO DECLARING INTERESTS IN MEETINGS

### Disclosure at Meetings

If a Member has not disclosed an interest in their Register of Interests, they **must make** the declaration of interest at the beginning of the meeting, or as soon as they are aware that they have a DPI or Prejudicial Interest. If a Member has already disclosed the interest in their Register of Interests they are still required to disclose this in the meeting if it relates to the matter being discussed.

A member with a DPI or Prejudicial Interest **may make representations at the start of the item but must not take part in the discussion or vote at a meeting.** The speaking time allocated for Members to make representations is at the discretion of the Chairman of the meeting. In order to avoid any accusations of taking part in the discussion or vote, after speaking, Members should move away from the panel table to a public area or, if they wish, leave the room. If the interest declared has not been entered on to a Members' Register of Interests, they must notify the Monitoring Officer in writing within the next 28 days following the meeting.

### Disclosable Pecuniary Interests (DPIs) (relating to the Member or their partner) include:

- Any employment, office, trade, profession or vocation carried on for profit or gain.
- Any payment or provision of any other financial benefit made in respect of any expenses occurred in carrying out member duties or election expenses.
- Any contract under which goods and services are to be provided/works to be executed which has not been fully discharged.
- Any beneficial interest in land within the area of the relevant authority.
- Any licence to occupy land in the area of the relevant authority for a month or longer.
- Any tenancy where the landlord is the relevant authority, and the tenant is a body in which the relevant person has a beneficial interest.
- Any beneficial interest in securities of a body where:
  - a) that body has a piece of business or land in the area of the relevant authority, and
  - b) either (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body **or** (ii) the total nominal value of the shares of any one class belonging to the relevant person exceeds one hundredth of the total issued share capital of that class.

Any Member who is unsure if their interest falls within any of the above legal definitions should seek advice from the Monitoring Officer in advance of the meeting.

A Member with a DPI should state in the meeting: ***'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

*Or, if making representations on the item: 'I declare a Disclosable Pecuniary Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'*

### Prejudicial Interests

Any interest which a reasonable, fair minded and informed member of the public would reasonably believe is so significant that it harms or impairs the Member's ability to judge the public interest in the item, i.e. a Member's decision making is influenced by their interest so that they are not able to impartially consider relevant issues.

A Member with a Prejudicial interest should state in the meeting: ***'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'***

*Or, if making representations in the item: 'I declare a Prejudicial Interest in item x because xxx. As soon as we come to that item, I will make representations, then I will leave the room/ move to the public area for the entire duration of the discussion and not take part in the vote.'*

### Personal interests

Any other connection or association which a member of the public may reasonably think may influence a Member when making a decision on council matters.

Members with a Personal Interest should state at the meeting: ***'I wish to declare a Personal Interest in item x because xxx'. As this is a Personal Interest only, I will take part in the discussion and vote on the matter.***

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# Agenda Item 3

## SCHOOLS FORUM

THURSDAY, 16 JULY 2020

PRESENT: Hugh Boulter, Martin Tinsley, Mike Wallace, Isabel Cooke, Richard Pilgrim, Amanda Dean, Sarah Cottle, Chris Tomes and Joolz Scarlett.

Also in attendance: Councillor Neil Knowles, Councillor Samantha Rayner and Councillor Gurch Singh

Officers: Rebecca Askew, Andy Carswell, Clive Haines, Helen Huntley, Kevin McDaniel, Tracey Anne Nevitt, James Norris, Fatima Rehman, Sarah Ward and Alasdair Whitelaw

### APOLOGIES

Apologies for absence were received from Maggie Callaghan, Richard Pilgrim and Mike Wallace.

### DECLARATIONS OF INTEREST

Sarah Cottle declared an interest in item 10 as the business rate relief impacted Cookham Nursery School.

### MINUTES

The Chairman said it was agreed in the last meeting that the item on 'Supporting Pupils at School with Medical Conditions' was to be carried forward to this meeting, but this did not take place.

James Norris, Head of Finance (RBWM), informed the Members that The Early Years National Funding Formula 2020-21 consultation was undertaken, with positive feedback to accept the rate increase per hour.

**RESOLVED UNANIMOUSLY: That the minutes of the meeting held on 16 January 2020 be approved.**

### BUDGET OUTTURN AND SCHOOL BALANCES 2019/20

James Norris introduced the report to Members, which provided the outturn position of the Schools Budget 2019-20 and the position finalised for the last financial year. The report covered the level of Dedicated Schools Grant (DSG) deficit held at the end of the financial year and the level of school balances for maintained schools.

The schools budget had £64,000,000 allocated, £34,000,000 of which was allocated directly to schools and the remaining £29,000,000 was managed by the local authority. Of the £29,000,000, there was a net overspend of £242,000 for 2019/2020. With the net overspend combined with £917,000 deficit position brought forward, there was a net in-year overspend of £1,159,000. With the combined DSG earmarked reserves of £134,000 from 2019/20, the overall net deficit was £1,025,000.

There was a requirement of the School Forum to approve the deficit carried forward to 2021/22.

The net deficit was a cumulative deficit of 0.83% of the overall school budget allocation, and it was previously a target to remain under the 1% threshold to avoid submitting a Deficit Recovery Plan. However, the government guidelines had changed, therefore all authority's in a deficit position at the end of the financial year had to submit a Deficit Recovery Plan.

The template of the Deficit Recovery Plan was still being created by the Department of Education (DfE) and Achieving for Children (AfC) had some input in the template. The template was unlikely to be released until a number of weeks and the submission was likely to be in Autumn 2020.

There was a net surplus of £1,552,000 in the maintained school balance, which was a net favourable movement of £132,000 compared to the previous year.

The Royal Borough of Windsor and Maidenhead (RBWM) did not have the control mechanism to recover excessive balances that schools held, but it was now considering this due to the financial position the authority was in. The reclaim excess balance had been estimated to be approximately £1,400,000.

The Chairman said reclaiming excessive surplus, which was done by accruing for a project or a rainy-day fund, may prove unpopular with schools, especially when doing a three-year budget with increasing costs. He understood why the local authority would reclaim excess balance, but this was something to be managed carefully, as schools may have saved that money for a future budget.

James Norris said the excessive balance in total at the end of the financial year was £950,000, and schools identified in their annual return that they had commitments of approximately £700,000. Therefore, the authority would not look at the committed element, but rather the £250,000 of further funds that was not currently shown as committed. The Chairman said the remaining uncommitted amount could quickly become committed. The Members were informed that this was just a consideration and the funds would be redistributed to the schools.

The Chairman asked for the year on year comparison of deficit and the Members were informed that there was an increase of £242,000 from last year's position and an increase of £180,000 from the year prior. There was a steady increase in the year on year comparison in the wrong direction.

Hugh Boulter, Representative for Furze Platt Senior School, asked if the Deficit Recovery Plan was like an action plan on how to use the deficit, and therefore was there a target to meet in a years' time. The Members were informed that the template was not yet released, and it was anticipated that the recovery plan was likely to be for the next three to five years.

Kevin McDaniel, Director of Children Services, said this was a precursor to the introduction to the National Funding Formula. If the Formula was introduced, the Schools Forum would not have a say in the way money was devolved locally, therefore there were plans to reduce debts over the next five years.

The overall net balance was a combination of money spent on Early Years, all schools up to and including Year 11, the High Needs Block and the Central Services. The sum of this needed to be brought to zero. The potential reclaim on surplus balance was one of several ideas that could be brought forward, and the Forum would have to make some tough decisions for the coming year to get the trend down. The Chairman said it was likely that surplus money would be spent in areas that were not needed if surplus sums were taken from schools.

The Members noted the contents of the report and approved the deficit carried forward.

**RESOLVED UNANIMOUSLY: That the deficit balance on the Dedicated Schools Grant reserve to be carried forward to 2021-22 be approved.**

#### BUDGET MONITORING AND FORECAST JULY 2020

James Norris introduced the report to Members. This includes the projected financial position; the impact the budget would have on the reserve deficit position and discussed the ways the financial pressures could be addressed. Most of the financial pressure was in the High Needs Block and would be targeted to help reduce costs.

The Dedicated Schools Grant (DSG) Budget 2020/21 was £65,000,000. The budget for The Early Years and High Needs Blocks budget were only indicative as DfE needed to finalise the budget in the summer.

The projected overspend was comparable to last year of £195,000, which was driven by the High Needs Block pressures, such as Pupil Top Up funding and other support packages. In addition to the in-year overspend of £200,000, there was a risk of a further £200,000 overspend due to pressures in the second half of year within the High Needs Block. The projected reserve balance was £1,220,000, which was 0.99% of budget allocation. With the projected future risks, the projected reserve balance increased to £1,420,000, which was a 1.14% overspend. This was a similar position to the last two years.

The future actions for the year included submitting a Deficit Recovery Plan for the previous and current financial year and proposed next steps to address the deficits. This included greater commissioning in order to receive better value for money and drive down price where appropriate, retain rates on costly placements, work with schools to retain complex pupils for longer within the existing school, and ensure there was as much local provisions as possible.

There was a significant underspend in the Schools Block, with the Growth Fund underspend of £450,000. There were two applications for in-year funding from the Schools Block. There were requests for Growth Fund allocation to be redistributed from Churchmead and Holyport College.

Chris Tomes, Headteacher at Churchmead, said that 5 years ago, there was a year group with only 38 students who had just left in Year 11. The schools had come through two good ratings from Ofsted and staff were reduced staff in the last 5 years. Whilst 38 students left the school, there would be 123 students coming in September, which was an increase of 85 students. A growth fund was requested because of the significant increase in the school, and the school would work with the local authority to reduce the school's deficit and create the best policy going forward with the money

received. With an increase in students and not receiving the lag funding for maintained schools until April 2021, a growth funding of £217,000 was requested.

Kevin McDaniel said Churchmead had an excellent recovery and the last two Ofsted inspections reiterated this. The improvement of the school status was led by the investment in good quality services and there was a need to retain staffing to support the influx of students.

He said that one of the Forum's responsibility was to minimise the financial risk to the system. With the underspend in the growth bid, if the allocation was not given, the deficit budget in Churchmead would grow to meet the staffing needs of the children. The overall risk to the deficit increase would be reduced if the allocation was made.

If a school converted to an academy, the deficit balance left would be distributed to maintained schools. The national policy for academies was strong and the DfE were looking to reinvigorate multi-academy trust chains with good schools like Churchmead. If Churchmead converted to an academy, there could be significant pressure from the Regional Schools Commissioner, and therefore it was recommended to support the bid for the benefit of balancing budgets in-year.

Kevin McDaniel spoke on behalf of the Holyport College and said its admissions system enabled admissions of students in Year 7 and Year 9. There had been a consultation to change the system in 2021 to take more pupils in Year 7 instead of Year 9, which increased the capacity of students up to 44 students. There was a local decision to make a formal change to the admissions, which the school was entitled to do under the Fair Access Protocol. The Members were asked to consider supporting the additional year growth under the Growth Fund.

The Growth Fund was set up for when schools expanded and had clear criteria for when the fund could be applicable. Holyport College's growth was a choice, which was not inside the current Growth Fund scheme. The Chairman clarified that the school chose to expand rather than being asked by the local authority and therefore did not qualify for the Growth Fund and Members were informed that this was correct.

The Chairman asked if Holyport College was rejected for the Growth Fund, could the College then go to the DfE or Education and Skills Funding Agency (EFSA). The Members were informed that it would be likely that the College would go to the EFSA and reference that they first asked for funding at the Schools Forum.

The Chairman asked if Holyport College was expecting funding from the Forum, and Members were informed that the Headteacher was aware the request fell outside of the Growth Fund criteria.

Kevin McDaniel said points 5.2-5.6 in the report pack required schools to have a collaborative approach to find the best way to supplement the £125,000,000 from the DSG. It would be unrealistic to expect the local authority to stop expenditure on high needs. Representative views and input from schools would be sought to reshape the plan, otherwise funding would be reduced in one area and would resultantly put pressures on other budgets. There would be individual decisions that may seem difficult but would impact the overall budget.

The education team would help in communicating the message to schools and Members were requested to spread the word as representatives of their areas. The



Chairman said this message needed to reach out to other headteachers and the High Needs Block impacted the budgets for all schools.

Joolz Scarlett, Headteacher at Manor Green School, said there were a few placements that were high value that could be accommodated at a cheaper rate. She said that some students' needs that were in special need schools could be met in mainstream schools with some support, which would drive down costs.

The Chairman said proper funding to mainstream schools was required to ensure students' needs did not take special school places.

Kevin McDaniel said AfC were seeking to recruit a permanent Commissioning Lead who would work with Special Educational Needs (SEN) to drive down value. Consultations had ended regarding additional space and capacity in mainstream schools that could help.

The Members noted the report.

**RESOLVED UNANIMOUSLY: That Churchmead's proposal for the Growth Fund be approved, and the Holyport College proposal be rejected.**

#### ORDER OF BUSINESS

**RESOLVED UNANIMOUSLY: That the order of business as detailed in the agenda be varied.**

#### WELLBEING TEAM AND BEHAVIOUR SUPPORT TEAM FUTURE PLANNING

Rebecca Askew, Senior Educational Psychologist, introduced the report to the Members which covered the current and future service provision from the Wellbeing and Behaviour Support Teams based on local Social, Emotional and Mental Health (SEMH) considerations and developments to support the increased SEMH needs. Members were asked to consider proposal 7.1 from the report.

Support from the team was open to all CYP people in RBWM schools (5-18 years) except for private schools. It was agreed that the team would offer both direct work such as consultation and initial assessment, time limited focused interventions, group work/workshops, Early Help meeting support and signposting.

During the last academic year, members of the team continued to support CYP known to the social care PODS through the provision of Dyadic Developmental Therapy based consultations for 0.4 Full-time Equivalent (fte). The team delivered preventative work such as Psychological Perspectives in Education and Primary Care (PPEP Care) Training and mental health training, such as Young Carers.

During the academic year, two full time Wellbeing Practitioners left the team due to a limited opportunity to progress within the team structure, and a lack of CYP focused course options/funds for Cognitive Behavioural Therapy (CBT) Diploma. Therefore, the practitioner left the RBWM Wellbeing Team and enrolled on the Children and Young People's Mental Health Services (CYPMHS).

This added further pressure to the Wellbeing Team this year with no reduction on referrals through the Early Help Hub or other group and whole school initiatives. Therefore, Early Help Hub wait times increased.

There were six Wellbeing Practitioners in the Wellbeing Team including; Counsellor 0.2fte, Play Therapist 0.4fte, Art Psychotherapist 0.4fte, CBT Practitioners 1.4fte and Dyadic Developmental Psychotherapist 0.5fte. With the implementation of the Getting Help Teams from September 2020, there would be an additional 1.5fte of practitioner time (CBT-based) available to RBWM. The Getting Help Wellbeing Practitioners were employed by Berkshire Healthcare Foundation Trust (BHFT) but would support within the Wellbeing Team using the Early Help systems.

The Behaviour Support Team offered a range of individual, group and systems-based support to schools to CYP and their families in the Borough. The service was freely accessible to maintained primary schools. Requests for individual pupil support could be accessed through the Early Help Hub, group work and training requests sent directly to the team. Academies, middle and secondary schools could purchase any one of the five package options at any point during the academic year.

During the academic year, one full time team member left to pursue training to join a Mental Health Support Team in Wokingham and another team member retired. This reduced the Behaviour Support staff capacity from 3.4fte to 1.8fte.

The team continued to deliver the Nurture programme but scaled back the offer of in-school transition work. The Onwards and Upwards Summer Transition programme for vulnerable children who were about to enter secondary school proceeded with planning considerations considering safety measures and government guidelines.

Rebecca Askew referred to table 4.5 of the report, which provided detail to the referral rates in comparison to referral rates in from other teams. The Wellbeing team rates were higher in comparison to their capacity, therefore there were high wait times.

COVID-19 further compounded team wait times, despite telephone check-ins and online tele-therapy sessions. This was because some children did not want to engage by telephone or via online platforms and it was difficult to close cases because of the limitation in generalising therapeutic strategies, and therefore reliably evaluate a reduction in symptoms.

There was a nine-month wait for Dyadic Developmental Psychotherapy, an eight-month wait for Counselling and a six-month wait for Art Psychotherapy, Play Therapy and Cognitive Behavioural Therapy. To reduce Play Therapy wait times, one practitioner increased their time from two days a week to three days a week. Two volunteer Play Therapists would be taken on board in September 2020, who would volunteer one day a week.

There was not further capacity at the No.22 Youth Counselling Service in Maidenhead, but there was some capacity for additional referrals in Windsor. There had been a noticeable increase in referrals for young people under 18 years old in May 2020, with 40% of the wait list being under 18-year-olds. There were 424 young people on the counselling wait list due to a greater client flexibility to access online sessions.

The Wellbeing Team Practitioners were holding a total of 41 cases, with 88 CYP on the wait lists and 6 CYP being assessed prior to intervention. The Behaviour Support Team were holding 18 cases between 2 practitioners', with 27 cases on their wait list.

There was a five-month wait time for cases that had been triaged as lowest priority, which was not good enough and therefore there were plans to reduce wait times.

The cases for both teams had become more complex during the last two years, with referrals to the hub regularly outlining self-harm and an increase in reference to Post Traumatic Stress Disorder (PTSD), Obsessive Compulsive Disorder (OCD), risk of exclusion and incidences of aggressive behaviours towards parents, school staff and peers. There was an extension of involvement to be supportive to all involved as a result.

There was a rising demand for social, emotional, wellbeing and mental health support. Waiting times for completion of triage within specialist CAMHS increased, particularly for young people who needed non-urgent assessment and intervention. More than 36% of referrals to CAMHS Common Point of Entry (CPE) were found to not need specialist assessment and many of these cases were referred to Early Help, in addition to requests from schools and other professionals such as Social Workers. CAMHS also referred complex cases to Early Help which required long-term intervention and/or higher intensity training, neither of which could be met by the Wellbeing Team within the Early Help process.

The Chairman asked if the funding for the programme was coming primarily from schools buying into the service. The Members were informed that there were different funding methods for each team. The Wellbeing Team was funded by the Schools Forum whilst Behaviour Support Team was funded by a combination of funds.

Rebecca Askew said COVID-19 had an impact on the data, with approximately 16% of CYP exposed to a traumatic event develop PTSD, rising to 25.2% for those experiencing an interpersonal trauma such as physical or sexual abuse/attack. Findings from a study done during the Avian Flu Pandemic suggested the potential impact of COVID-19 on psychological/mental health. Research on the Impact of Social Isolation showed an increase in suicidal ideation, self-harm, and eating disorder related risk behaviours. CYP in enforced isolation/quarantine were up to 5 times more likely to require a mental health service, which could be seen on a local and national level.

The Behaviour Support Team and Wellbeing Team worked collaboratively to support bereavement and emotional-based school referral, which was likely to increase in the next academic year. This was outlined in the Phase 3 Action Plan Menus of Support.

The first proposal was to create change in the team structure to retain experienced staff. There was interest from an experienced colleague who was interest to take up some of Rebecca's responsibility so that Rebecca could focus on strategic and operational planning which will be crucial next year.

There was substantial work to be done within social care to save money, as a lot of money had been spent on therapeutic support by privately commissioned services. There was a view to enhance the consultation offer and extend this to Social Care Managers.

Due to the success of the second bid, The Mental Health Supports Team was planned to be fully implemented from January 2022, with schools signed up to host the teams.

The second proposal was to increase counselling capacity to minimise backlog of referrals and wait time. The counselling sessions could take up to 15 weeks, with a

counsellor on the team for 2 days a week, which was not enough in comparison to the number of referrals.

The third proposal was to integrate the Wellbeing Team and Behaviour Support Team into one service. There were complexities to carry this forward due to the different funding streams for both teams.

The fourth proposal was the consideration for funding in training in order to remain competitive with CAMHS and ensure there was staff retention.

The CReST Measurement Tool was a free dynamic tool that enabled a 'whole system' view, showed wait times and the movement of referrals. Further recovery and restoration planning were underway across East Berkshire to help share resources and pick up learnings.

There was continued development of the early intervention offer which would include virtual training, which was currently given. Approximately 500 people had signed up to the recent training in the Borough, which was positive feedback. There would be a review of the Local Transformation Plan (LTP), which was on hold but was on the Clinical Commissioning Groups' (CCG) agenda.

The makeup of the Getting Help Teams included two recently recruited CBT staff and a Clinical supervisor who would support triages, signpost complex cases or send back to CAMHS.

The team was signed up to University of Oxford survey, which was an online mental health and wellbeing survey that was free this week and paid by the CCG going forward. The survey showed how young people felt in relation to wellbeing, with 19 schools across the Borough who signed up to the service. A practitioner survey was also shared to teams and was soon to be completed, which would help in local learning.

The Wellbeing Champions and Nurture Group Programme continued despite COVID-19 and supported the Attachment Aware Schools Award. Schools had started to sign up to this. Transition support would continue, with the Onwards and Upwards programme to be continued this summer with due consideration of health and safety measures.

The Chairman said the mental health of young people would be severely tested, and some children may have witnessed domestic abuse during the COVID-19 lockdown. The integrated approach from CCG and local authorities to provide mental health support was encouraged, so that young people could receive the support they needed. The Members were informed that there was a good collaborative and co-constructive relationship with CCG that had grown over the last few years.

The Chairman asked if the CCG had a larger commitment for funding or if the vast amount of funding was coming from the Schools Forum. The Members were informed that CCG provided funding for the Getting Help team in its entirety as well as other developments in training and support. There were continued conversations on funding in preventative measures rather than direct therapeutic work.

Kevin McDaniel said there was an investment of £2,000,000 from the Mental Health Transformation Plan. There was a small pool of skilled professionals in these areas

and the challenge was to have enough resources in the teams. The collaboration of services allowed senior practitioners with the ability deal to deal with more complex cases.

The Chairman asked if there was a way to create a role for experienced practitioners to help in staff retention. The Panel were informed that the role placed in Proposal 1 was financed within the funding of £120,000 for the wellbeing service, with no additional funding commitments. The other proposals were put on hold because there was insufficient funding for these from what the Schools Forum originally approved budget for the project.

The Chairman said there would need to be investment from local and national government due to the forecasted increase in mental health concerns for young people in the next couple of years due to COVID-19.

The Members noted the report.

**RESOLVED UNANIMOUSLY: That Proposal 1 - the retention of experienced staff - be approved.**

#### ORDER OF BUSINESS

**RESOLVED UNANIMOUSLY: That the order of business as detailed in the agenda be varied.**

#### SOCIAL, EMOTIONAL AND MENTAL HEALTH (SEMH) PROJECT UPDATE

Helen Huntley introduced the item and said that in 2017 it was agreed by the Schools Forum to transfer money from the School Block to the High Needs Block, so that pupils did not have to be sent out of the Borough.

Last April, it was agreed to create an SEMH Intervention Programme to reduce the number of permanent exclusions from RBWM primary schools. This was because the life chance of children once they transferred to alternative provision decreased and financially it cost £18,000 a year to send a child to Haybrook College (the local alternative provision).

Two secondary schools had shown interest to trial the project, including Churchmead and Desborough College and data that showed there were more permanent secondary exclusions than primary schools. There was a concern in the increase in primary school exclusions.

The project was within budget, with a coach who worked for half a term with the child and teacher in the classroom to better manage the child's behaviour. The project also worked with the school as a whole to deliver training to manage the needs of children.

The report addressed the successes of the project, with no exclusion of children that were supported by the Programme. The project development was to continue to work with primary schools for the next two years and to trial the programme in secondary schools.

It was projected that some children would show anxiety about COVID-19 through challenging behaviour.

The Chairman said there was demand for this project in both primary and secondary school and if issues were dealt in primary schools, challenging behaviour would not escalate to secondary schools. The Members were informed that training could be given if coaches were unable to support schools.

Isabel Cooke, Headteacher at Knowl Hill C of E Academy, said she appreciated the outstanding service and whilst her school did not have a coach, the ability to be in contact via phone was reassuring. The Chairman said this was an important service with the potential to have a large impact on young people.

Andrew Morrison, Headteacher at Furze Platt Senior School, asked if any young children had fixed or permanent exclusions from training and Members were informed that one child had been excluded. Attempts could be made to reduce exclusions but could not be stopped altogether due to extreme cases. Andrew requested for data to see the trend in training and the overall proportion of children rather than extreme cases in future.

Helen Huntley said the model of the project was to self-finance the programme so that it does not stop due to monetary issues.

The Members noted the report.

#### SCHOOLS FORUM MEMBERSHIP FRAMEWORK 2020/21

The Chairman introduced the report and stated that the Forum historically had 17 members and struggled to fill all the vacancies.

James Norris said the purpose of the report was to undertake an annual review of the Forums membership. The terms of reference had not changed since last year, and whilst the level of membership was 17 available places, the Forum was generally only 12 to 13 Members. Currently, there were 11 members registered, with nominations to replace Richard Pilgrim with John Fletcher, and Maggie Callaghan to replace Francis Walsh.

The Chairman said the membership of the Forum was academy biased as his school (Clewer Green CE First School) had converted to an academy too, and there was a need for more involvement of maintained schools in the Forum.

Kevin McDaniel said the school sector membership of the Forum should be given voting rights that reflected the ratio of children in the schools. The Members were encouraged to ensure there was a balance in membership and to discuss if a larger or smaller forum size was required.

Sarah Cottle, Headteacher of Cookham Nursery School, asked how the invite to the Schools Forum was sent to maintained school headteachers. The Chairman said an invite was sent though Cluster Chairs, who should have asked for volunteers.

Kevin McDaniel said the Forum was a statutory body that had to exist by law, which made decisions for £125,000,000 annually, and should therefore be one of the most influential decision-making body for school finances.

Isabel Cooke asked if the Forum was correctly represented given the vacancies, and the Members were informed that whilst there were some changes in schools, the Forum reflected the pupil ratio.

Kevin McDaniel recommended to keep the panel size the same and to advertise vacancies for maintained representation.

Chris Tomes asked if the Chairman could chair the meeting if his school was now an academy, and Members were informed that this was correct.

The Chairman said that himself, Kevin McDaniel and James Norris would work on the membership offline and bring back its findings to the Forum.

Kevin McDaniel advised Members to try to fill the vacancies, and the consequences of not filling the vacancies would be brought back to the next meeting.

**RESOLVED UNANIMOUSLY: That the recruitment of John Fletcher and Maggie Callaghan for the Schools Forum be approved.**

#### SCHEME FOR FINANCING SCHOOLS 2020/21

James Norris introduced the report and informed the Forum of the changes to the Statutory Guidance for Financing Local Authority Maintained Schools. The Members were asked to approve the Scheme for Financing Schools 2020/21, to be effective from April 2021. He said the only change was that maintained schools could apply for the Risk-Based Approach (RBA) insurance scheme and other minor changes.

Chris Tomes asked if there were any other major changes, and the Members were informed that other than the RBA change, changes were cosmetic and could be found in the report pack.

Due to the lack of representation of maintained schools in the Forum and lack of urgency to make a decision, the Members agreed to defer this item to the next meeting.

Members noted the report.

#### SCHOOLS AND EARLYYEARS PROVIDERS BUSINESS RATES

The Chairman introduced the discussion and said Sarah Cottle had been in conversation with Kevin McDaniel about the business rate charge for maintained nurseries, whilst other school settings were not.

James Norris explained that schools received funding allocation to pay the business rate. Nurseries and Private, Voluntary or Independent's (PVI) did not receive the same rate relief or funding unless they had a charity status. Under the Local Government Act, the billing authority could not give itself rate relief. Maintained nurseries were deemed an entity of the local authority and therefore could not be given rate relief. Neighbouring authorities did not give discounts to their nurseries, whilst county councils did as they were not the billing authority.

Kevin McDaniel said all providers were given business rate relief due to Covid-19 apart from maintained schools, which seemed unfair.

Sarah Cottle said she had been in discussion for business rate relief for many years, as maintained nurseries were deemed to be a school. During COVID-19, Cookham Nursery School was one of the only three schools in the Borough to pay rates. The nursery was not a business as all the money made was spent on the pupils. Whilst the Nursery was classed as a school and one of the three outstanding schools, it was not classed as a school when business relief were sought. When AfC changed its policy, nurseries in Kingston and Richmond received support for their business rates. The nursery had to pay £48,000 as part of business rates, which was 12.5% of the budget. Short-term support during COVID-19 and a longer-term solution was requested.

The Chairman said this was about clarity, equity and fairness, and if every other requirement was being met by the nursery from DfE and Ofsted, it was unfair to not classify the nursery as a school from a business rate perspective.

Kevin McDaniel said schools also paid business rates, but the DfE paid back a grant after a year which covered the cost. The DfE policy excluded maintained nurseries.

The Chairman said this was not a local authority decision, but if other authorities found a way to not pay the rate, the Council could consider doing the same. Members were informed that the Schools Forums in Kingston and Richmond agreed to pay the business rate from the education budget, which was against the legislation.

Chris Tomes proposed to adopt the same strategy as Kingston and Richmond, which the Chairman considered. The Chairman asked if the underspend in the Early Years Clock could be used for the business rate. The Panel were informed that the budget could be used, but this would increase the overall net overspend across DSG.

James Norris said that nurseries received a different funding than PVI settings, such as lump sum supplement payments for additional responsibilities. Sarah Cottle said this payment was made because by statutory the nursery had to cover costs such as a Special Educational Needs Coordinator (SENCO), headteachers and qualified teachers, whilst PVIs were not obliged to have highly qualified staff. James Norris agreed with this and said there were additional funding streams that recognised the difference between maintained nurseries and PVI settings.

James Norris asked if PVIs would also receive the same business rate relief as maintained nurseries. The Chairman said PVIs were a business, whilst schools and maintained nurseries were not, and therefore there was a difference between the two entities.

Kevin McDaniel said it was legally against regulations to provide business rate relief, and PVIs could challenge the School Forums that all Early Years funding should be based on a formulaic basis and could also ask for support on their business rates. This would total to £800,000 annually, therefore there was a risk to the decision. Whilst there was a national business rate relief due to COVID-19, the risk was low to provide a one-off support for maintained nurseries, whilst an alternative was sought.

Chris Tomes asked if there was a short-term solution that could be provided whilst a longer-term solution was formulated. The Chairman agreed and requested for work to be done to see how other local authorities got around the business rate, what the risks were and find a long-term solution for the future that is fair for all.



Chris Tomes asked if the challenge was regarding the difference between local authorities for maintained nurseries and PVIs. The Chairman informed Members that because RBWM was the charging authority, it could not give rate relief, whilst a county council could do so.

Kevin McDaniel confirmed that maintained nursery schools in a second-tier district could apply for a business rate relief, as the authority was not the owner of the school. But as RBWM was a unitary authority and therefore the maintained nursery was part of the authority, it could not give itself a rate relief. This would be against the business rates rules and regulations. Therefore, DfE provide a delayed rate relief to avoid challenges. The simplest solution would include DfE recognising maintained nurseries as schools that should be eligible to have business rates repaid. However, the DfE paid different supplements for the differences between nursery schools and PVIs.

Sarah Cottle said the DfE stated that if maintained nursery schools were categorised as schools, maintained nurseries would not be part of the Early Years Block, which would have implications on the other schools within the maintained sector and the budget. There were only 9 authorities in the country that did not support in business rates for maintained nurseries.

The Chairman confirmed that Schools Forum would cover the cost of the business rate this year of approximately £48,000. James Norris said a long-term solution would be brought forward to the Forum by the next financial year.

**RESOLVED UNANIMOUSLY: That the Schools Forum covered the cost of the business rates for this financial year for Cookham Nursery School be approved.**

The Chairman thanked Members and officers for their contribution and wished Richard Pilgrim, Hugh Boulter and Francis Walsh for their support. On behalf of the local authority, Kevin McDaniel thanked the three leaving members for their significant contribution and wished them the best of luck for the future.

The meeting, which began at 2.00 pm, finished at 4.11 pm

CHAIRMAN.....

DATE.....

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# Agenda Item 4

## ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>22<sup>nd</sup> September 2020</b>	<b>AGENDA ITEM:</b>
Title:	<b>Budget Monitoring and Forecast 2020/21</b>	
Responsible officer:	Kevin McDaniel, Director of Children's Services	
Contact officer:	James Norris, Head of Finance (RBWM) Achieving for Children	Email: James.norris@achievingforchildren.org.uk

### 1 PURPOSE AND SUMMARY

- 1.1 The purpose of this report is to provide the Schools Forum with:
- the projected financial position for 2020-21 with associated schedule of Risks & Opportunities
  - the projected reserve balance as at 31 March 2021
  - an understanding of the financial pressures which are currently being faced.

### 2 RECOMMENDATIONS

#### Schools Forum is asked to note:

- 2.1 The Forum is asked to note the contents of this report including the reported variance, schedule of Risks & Opportunities and the projected deficit balance carried forward as at 31 March 2021.

### 3 FINANCIAL SUMMARY

- 3.1 The DSG Budget 2020/21 reflected in this report is £65,362,000.
- 3.2 The current projected net in-year deficit of £208,000 is an adverse movement of £13,000 from the previously reported position as follows:
- Central Block - release of vacancies following restructure (£27,000)
  - Early Years Block - Schools Forum (16<sup>th</sup> July 2020) agreed one-off contribution to fund the Maintained Nursery Settings business rates for 2020/21 £45,000
  - High Needs Block – no material movements (£5,000)
- 3.3 The forecast material variances are as follows:
- Schools Block - Growth Fund underspend (£450,000)
  - Central Block - release of vacancies following restructure (£52,000)
  - Early Years Block - Private, Voluntary & Independent Nurseries 2019-20 underspend carried forward at (£100,000) subject to final block recalculation.
  - High Needs Block £810,000 includes reflects Pupil Top Up funding and other direct support packages

- 3.4 The summarised financial position for 2020-21 is set out in table 1.

**Table 1 Summarised Financial Position**

Schools Budget	S251 budget	Less Academy Recoupment & Direct Funding	Budget Adjustment 2020	Current Budget (updated)	Forecast Variance	Projected Exp/ Funding	Note
	£000	£000	£000	£000	£000	£000	
<b>Expenditure</b>							
Schools Block	91,762	(56,899)	0	34,863	(450)	34,413	1
Central Block	1,073	0	0	1,073	(52)	1,021	2
Indicative Early Years Block	9,697	0	0	9,697	(100)	9,597	3
High Needs Block	21,992	(2,263)	0	19,729	810	20,539	4
<b>TOTAL EXPENDITURE</b>	<b>124,524</b>	<b>(59,162)</b>	<b>(0)</b>	<b>65,362</b>	<b>208</b>	<b>65,570</b>	
<b>Funding</b>							
Dedicated Schools Grant	(124,524)	59,162	0	(65,362)	0	(65,362)	
<b>TOTAL FUNDING</b>	<b>(124,524)</b>	<b>59,162</b>	<b>0</b>	<b>(65,362)</b>	<b>0</b>	<b>(65,362)</b>	
<b>NET EXPENDITURE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208</b>	<b>208</b>	<b>5</b>
<b>Summary</b>					<b>£000</b>		
Total in year (surplus) / deficit					208		
Balance brought forward DSG general reserve (surplus) / deficit					1,025		
<b>Net Projected (surplus) /deficit</b>					<b>1,233</b>		

3.6 The reported material forecast variances are set out below in table 2.

**Table 2 Material forecast variances**

Note	Comments
1	Schools Block (£450,000) - Schools Pupil Growth Fund underspend based on formula funded allocation less agreed commitments estimated at (£450,000)
2	Central Block (£52,000) - release of vacancies following restructure (£52,000)

3	Early Years Block (£100,000) - Private, Voluntary & Independent Nurseries clawback provision from 2019-20 (£100,000). ESFA updated guidance and allocation received July 2020, however, currently the allocation is being challenged.
4	High Needs Block £810,000 – reflects Pupil Top Up funding and other direct support packages based on the 2019-20 outturn, uplifted to reflect known increases, the increase in allocations paid to schools include changes to the Special Educational Needs funding matrix, re-assessments and new plans.
5	Projected net deficit on DSG General Reserves for 2020/21 is £208,000 (excluding the Risks & Opportunities listed in table 3).

3.7 The summarised material Risks & Opportunities for the current financial year are set out in table 3. These potential material changes to the forecast are not being reported as either there is a degree of uncertainty around them with plans to contain pressures.

**Table 3 Summarised Risks & Opportunities**

	Variance to Current Forecast	Note
	£000	
<b>Expenditure</b>		
High Needs Block	70	1
<b>Total Expenditure Risks &amp; Opportunities</b>	<b>70</b>	

3.8 The details of the material forecast risks & opportunities are set out below in table 4.

**Table 4 Details of Risks & Opportunities**

Note	Comments
1	High Needs Block – potential that savings are not achieved in full; total budget £350,000. Potential underachievement £70,000.

#### 4 PROJECTED RESERVE BALANCE

4.1 The net underspend will help to decrease the pressure on the dedicated schools grant general reserve which as at 31 March 2020 was a deficit of £1,025,000; the revised projected deficit as at 31 March 2021 has increased by £208,000 to £1,233,000 (0.99% of the total DSG funding allocation for 2020-21).

4.2 The projected reserve balance as at 31 March 2021 of £1,233,000 excludes the Risk & Opportunities Register of £70,000, therefore the projected reserve balance as at 31 March 2021 could increase to £1,303,000 (1.05% of the total DSG funding allocation for 2020-21).

## 5 FUTURE ACTION

- 5.1 RBWM has a cumulative deficit on its DSG account at the end of the 2019 to 2020 financial year, therefore, it must co-operate with the DfE in handling that situation. In particular, the local authority must:
- Provide information as and when requested by the department about its plans for managing its DSG account in the 2020 to 2021 financial year and subsequently
  - Provide information as and when requested by the department about pressures and potential savings on its high needs budget
  - Meet with officials of the department as and when they request to discuss the local authority's plans and financial situation
- 5.2 Achieving for Children have been in discussions with the DfE and a detailed deficit recovery plan will be presented at the appropriate Schools Forum.
- 5.3 In addition, the level of overspend in the High Needs services remains unaffordable, therefore, it is important that all local partners continue to work to bring the cost of high needs services back in line with the Government grant allocation.
- 5.4 Following the final High Needs Block allocation for 2020-21, there will be a detailed review of budgets and historic expenditure undertaken and shared at the appropriate Schools Forum. This review will provide Schools Forum with a more in depth knowledge of the budget, pressures and risks to enable greater transparency and understanding leading to more informed decision making.
- 5.5 The 2020-21 budget relies on promoting independence and use of the local education offer, managing increasing demand for services through increased early intervention, working with partners to ensure that everyone involved in a child's education is confident in supporting children with additional needs and increasing the amount of local provision as well as ensuring that provision is aligned to need.
- 5.6 The financial trajectory will continue to be carefully monitored in 2020-21 to ensure that the level of spending on education services is affordable. Schools Forum and schools will have a clear role in monitoring the position and in implementing the plans in partnership with AfC and the Council.

# Agenda Item 5

## ROYAL BOROUGH OF WINDSOR & MAIDENHEAD SCHOOLS FORUM

Date:	<b>22<sup>nd</sup> September 2020</b>	<b>AGENDA ITEM:</b>
Title:	<b>Scheme for Financing Schools 2020/21</b>	
Responsible officer:	Kevin McDaniel, Director of Children's Services	
Contact officer:	James Norris, Head of Finance (RBWM) Achieving for Children	Email: James.norris@achievingforchildren.org.uk

### **1 PURPOSE AND SUMMARY**

- 1.1 To present to the Forum an updated Scheme for Financing Schools.
- 1.2 To inform the Forum of the changes between version 10 of the Statutory Guidance, Scheme for Financing Local Authority Maintained Schools issued by the Department for Education (DfE) covering financial year 2019/20 and version 11 of the guidance, covering financial year 2020/21.
- 1.3 This report was first presented to the Schools Forum 16<sup>th</sup> July 2020 when it was requested to be re-presented when there would be appropriate numbers of voting members present.

### **2 RECOMMENDATIONS**

- 2.1 That the Forum (Maintained schools only) approves the Scheme for Financing Schools 2020/21.

### **3 BACKGROUND**

- 3.1 The DfE issue an updated Statutory Guidance, Scheme for Financing Local Authority Maintained Schools each year. Each year Local Authorities are required to publish an updated Scheme for Financing Schools.
- 3.2 Prior to publishing any updated Scheme, the local authority requires approval from maintained school representatives of the Schools Forum to accept any optional amendments to the scheme. The authority is also required to consult maintained schools on significant changes and feedback the results of the consultation to the Schools Forum.

### **4 STATUTORY CHANGES FROM PREVIOUS ISSUE**

#### **DIRECTED REVISIONS 2020**

- 4.1 The Secretary of State may by direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision the Secretary of State is required, by provision in the Schools

Standards and Framework Act 1998, to consult the relevant Local Authorities and other interested parties.

- 4.2 It is also possible for the Secretary of State to make directed revisions to schemes after consultation. Such revisions become part of the scheme from the date of direction.
- 4.3 There are no directed revision within this updated version.

## **5 SCHEME FOR FINANCING SCHOOLS 2020/21**

- 5.1 A revised scheme for financing schools is attached at Appendix A. The DfE have stopped issuing the Statutory Guidance, Scheme for Financing Local Authority Maintained Schools as a separate document and provide the guidance via a DfE Web page. The following is a link to the guidance.

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

- 5.2 There are no directed revisions by the Secretary of State for Education this year.
- 5.3 The DfE have made a couple of minor and/or presentational changes. A summary of updates is the appendix.
- 5.4 The only important addition for version 11 is that schools are allowed to join the Secretary of State's Risk Protection Arrangement (RPA). This is an alternative to commercial insurance and may save schools time and money. It is up to individual schools if they wish to join or continue to make their own arrangements. Maintained schools have been informed about this scheme.

<https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools>

## **6 CONSULTATION WITH MAINTAINED SCHOOLS**

- 6.1 The changes made to version 11 of the scheme were of such a minor nature that it was not necessary to impose the additional burden of asking maintained schools to complete a consultation. The amendments are such that there is no agreement or comment required.
- 6.2 If approved the scheme will retrospectively come into effect as of April 2020.





**ROYAL BOROUGH OF WINDSOR & MAIDENHEAD**

**Scheme for Financing Schools**

Approved by Schools Forum: 22<sup>nd</sup> September 2020

Effective from: Subject to approval retrospectively from 1<sup>st</sup> April 2020

Contact for queries: [Bursar.support@achievingforchildren.org.uk](mailto:Bursar.support@achievingforchildren.org.uk)

Version reference: V1

## **Directed Revisions 2020**

The Secretary of State may by direction revise the whole or any part of the scheme as from such date as may be specified in the direction. In order to make a directed revision the Secretary of State is required, by provision in the Schools Standards and Framework Act 1998, to consult the relevant Local Authorities and other interested parties.

Certain amendments have been made to the wording included in some of the directed revisions listed below, to reflect more recent policy positions.

**There are no directed revisions within version 11.**

## **Updates to guidance 2020:**

The Department for Education no longer publishes the guide for the Scheme for Financing Schools as a separate document but instead have created an HTML page containing the guide.

<https://www.gov.uk/government/publications/schemes-for-financing-schools/schemes-for-financing-local-authority-maintained-schools>

Version 11 contains a number of minor and presentation changes made by the DfE, these are reflected in this version of the scheme:

- Paragraph 10.1: Changes made to the guidance - added “Instead of taking out insurance, a school may join the Secretary of State’s Risk Protection Arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.”
- Paragraph 11.3: Minor change - changed “Governors’ Allowances”

## **Other important changes to the guidance**

Following consultation that closed on 19 November 2019, the Secretary of State has decided that from 1 April 2020 local authority maintained schools (LAMS) will be able to join the risk protection arrangement. We are changing the guidance as below: we have not had time to conduct a consultation on a directed revision but we may do that later.

## **Section 10: Insurance**

Instead of taking out insurance, a school may join the Secretary of State’s risk protection arrangement (RPA) for risks that are covered by the RPA.

The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires.

The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.

## **1 Introduction**

- 1.1 The funding framework
- 1.2 The role of the scheme
  - 1.2.1 Application of the scheme to authority and maintained schools
- 1.3 Publication of the scheme
- 1.4 Revision of the scheme
- 1.5 Delegation of powers to the head teacher
- 1.6 Maintenance of schools

## **2 Financial Controls**

- 2.1 General procedures
  - 2.1.1 Application of financial control to schools
  - 2.1.2 Provision of financial information and reports
  - 2.1.3 Payment of salaries; payment of bills
  - 2.1.4 Control of assets
  - 2.1.5 Accounting Policies (including year-end procedures)
  - 2.1.6 Writing off debts
- 2.2 Basis of accounting
- 2.3 Submission of budget plan
  - 2.3.1 Submission of financial forecasts
- 2.4 School Resource Management
- 2.5 Virement
- 2.6 Audit: General
- 2.7 Separate external audits
- 2.8 Audit of voluntary and private funds
- 2.9 Register of business interests
- 2.10 Purchasing, tendering and contracting requirements
- 2.11 Application of contracts to schools
- 2.12 Central funds and earmarking
- 2.13 Spending for the purposes of the school
- 2.14 Capital spending from budget shares
- 2.15 Notice of concern
- 2.16 Schools Financial Value Standard (SFVS)
- 2.17 Fraud

## **3 Instalments of the budget share; banking arrangements**

- 3.1 Frequency of instalments
- 3.2 Proportion of budget share payable at each instalment
- 3.3 Interest clawback

- 3.3.1 Interest on late budget share payments
- 3.4 Budget shares for closing schools
- 3.5 Bank and building society accounts
- 3.6 Borrowing by schools
- 3.7 Other provisions

#### **4 The treatment of surpluses and deficit balances arising in relation to budget shares**

- 4.1 Right to carry forward surplus balances
- 4.2 Control on surplus balances
- 4.3 Interest on surplus balances
- 4.4 Obligation to carry forward deficit balances
- 4.5 Planning for deficit balances
- 4.6 Charging of interest on deficit balances
- 4.7 Writing off deficits
- 4.8 Balances of closing and replacement schools
- 4.9 Licensed deficits
- 4.10 Loan schemes
- 4.11 Credit Union Approach

#### **5 Income**

- 5.1 Income from lettings
- 5.2 Income from fees and charges
- 5.3 Income from fund-raising activities
- 5.4 Income from sale of assets
- 5.5 Administrative procedures for the collection of income
- 5.6 Purposes for which income may be used

#### **6 The charging of School Budget Shares**

- 6.1 General provisions
  - 6.1.1 Charging of salaries at actual cost
- 6.2 Circumstances in which charges may be made

#### **7 Taxation**

- 7.1 Value Added Tax
- 7.2 CIS (Construction Industry Tax Scheme)

#### **8 The provision of services and facilities by the authority**

- 8.1 Provision of services from centrally retained budgets
- 8.2 Provision of services bought back from the authority using delegated budgets
  - 8.2.1 Packaging
- 8.3 Service level agreements

8.4 Teachers' Pension

## **9 PFI/PPP**

9.1 PFI/PPP

## **10 Insurance**

10.1 Insurance cover

## **11 Miscellaneous**

- 11.1 Right of access to information
- 11.2 Liability of governors
- 11.3 Governors' allowances
- 11.4 Responsibility for legal costs
- 11.5 Health and safety
- 11.6 Right of attendance for Director of Children's Services
- 11.7 Special Educational Needs
- 11.8 Interest on late payments
- 11.9 'Whistleblowing'
- 11.10 Child Protection
- 11.11 Redundancy / early retirement costs

## **12 Responsibility for repairs and maintenance**

- 12.1 Responsibility for repairs and maintenance
- 12.2 Authority capital programme
- 12.3 Voluntary Aided schools

## **13 Community facilities**

- 13.1 Introduction
- 13.2 Suspension of Delegated Budget

### **Consultation with the authority – financial aspects**

- 13.3 Consult the Authority
- 13.4 Approach the Authority
- 13.5 Responses

### **Funding agreements – authority powers**

- 13.6 Funding Agreements
- 13.7 Authority review

## **Other prohibitions, restrictions and limitations**

- 13.8 Additional requirements
- 13.9 Additional restrictions

## **Supply of financial information**

- 13.10 Supply of Financial Information
- 13.11 Adjustment to frequency of financial reports

## **Audit**

- 13.12 Audit
- 13.13 Access

## **Treatment of Income and Surpluses**

- 13.14 Retaining Net Income
- 13.15 Carrying forward Retained Net Income

## **Health and Safety**

- 13.16 Health and Safety
- 13.17 Disclosure and Barring Checks

## **Insurance**

- 13.18 Insurance
- 13.19 Authority power to assess insurance arrangements

## **Taxation**

- 13.20 Taxation
- 13.21 Payment of income and National Insurance
- 13.22 Construction Industry Scheme

## **Banking**

- 13.23 Separation of Accounts
- 13.24 Bank Accounts

## **Annex**

- A The funding framework
- B Responsibility for Redundancy & Costs Early Retirement
- C Application of Schemes for financing schools to the community facilities power

## Appendix

- 1 Schools List
- 2 School Borrowing
- 3 Insurance
- 4 Budget Monitoring and Submission Schedule
- 5 Supplementary Information:
  - De minimis levels
  - School Deficit Process
  - EU Contract Thresholds
- 6 Responsibility for Revenue and Capital Maintenance & Improvement



## **1 Introduction**

### **1.1 The funding framework**

The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998.

Under this legislation, the local authority determines the size of their schools budget and local authority budget – although the Secretary of State has power to require an Authority to increase its Schools Budget to a prescribed level. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Local authorities may retain funding centrally in the Schools Budget for purposes defined in regulations made by the Secretary of State under s.45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions prescribed by the Secretary of State. The balance of the Schools Budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the local authority budget must be retained centrally (although earmarked allocations may be made to schools).

Local authorities may retain an unallocated reserve but must otherwise distribute the ISB amongst their maintained schools using a formula, which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the Governing Body of the school concerned, unless the school is a new school, which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with s.51 of the Act. The financial controls within which delegation works are set out in a scheme made by the Authority in accordance with s.48 of the Act and approved by the Secretary of State. All revisions to the scheme must be approved by Schools Forum, though the authority may apply to the Secretary of State for approval in the event of Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to provisions made by or under the scheme, Governing Bodies of schools may spend such amounts of their budget shares as they see fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under s.50 of the Act.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

The Authority may suspend a school's right to a delegated budget if the provisions of the school financing scheme (or rules applied by the scheme) have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a

delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998) but in that case there is no right of appeal.

The Authority is obliged to publish each year, under s.251 of the Apprenticeships, Skills, Children and Learning Act 2009, a Budget Statement setting out details of its planned Schools Budget and Local authority budget, showing the amounts to be centrally retained, the budget share for each school, the formula used to calculate those budget shares, and the detailed calculation for each school. After each financial year the Authority must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.

The detailed publication requirements for financial statements and for schemes are set out in regulations, but each school must receive a copy of the scheme and any amendment, and each year's budget and out-turn statements so far as they relate to that school or central expenditure.

Regulations also require the Authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come in to force.

## **1.2 The role of the scheme**

This scheme sets out the financial relationship between the Local authority and/or its designate (Achieving for Children) and all of the maintained schools that it funds. It contains requirements relating to financial management and associated issues, binding on both the Authority and on schools.

### **1.2.1 Application of the scheme to authority and maintained schools**

The scheme applies to all community, nursery, special, voluntary, foundation (including Trust), foundation special schools and pupil referral units (PRUs). A list of the establishments covered by the scheme is attached at Appendix 1.

## **1.3 Publication of the scheme**

The current scheme will be available on the authority's website which is accessible to the general public. Covered schools will be notified of any revisions.

## **1.4 Revision of the scheme**

Any proposed revisions to the scheme will be the subject of consultation with the Governing Body and the head teacher of every school maintained by the Authority before they are submitted to Schools Forum for their approval by the members of the Forum representing those schools.

## **1.5 Delegation of powers to the head teacher**

Governing Bodies must consider the extent to which it wishes to delegate its financial powers to the head teacher and must record its decision, and any revisions, in the minutes of the Governing Body.

Under the Education (School Government) (Terms of Reference) (England) Regulations 2000, budget plans must be considered by Governing Body.

#### 1.6 **Maintenance of schools**

The Authority is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary aided school where some of the expenses are, by statute, payable by the Governing Body). Part of the way the Authority maintains a school is through the funding scheme, put in place under sections 45 to 53 of the Schools Standards and Framework Act 1998.

## **2 Financial Controls**

### **2.1 General procedures**

#### **2.1.1 Application of financial controls to schools**

Schools must comply with the Authority's requirements in the management and monitoring of their delegated budgets. This includes those requirements within this scheme and also those requirements contained in more detailed publications referred to in this scheme.

Schools are expected to comply with any reasonable request from the local authority.

#### **2.1.2 Provision of financial information and reports**

In order that the designated officer can fulfil their obligations under Section 151 of the Local Government Act 1972 to "make arrangements for the proper administration of their financial affairs" schools must comply with the budget monitoring and submission schedule detailed in Appendix 4.

#### **2.1.3 Payment of salaries; payment of bills**

The procedures for paying salaries and bills will vary according to the choices schools make about their accounting systems, bank accounts, and the buying back of RBWM's payroll services.

Except where a school specifically contracts with an outside payroll provider, RBWM will arrange for the payment of all salaries due to school employees, together with associated deductions, upon receipt of a signed buy-back agreement authorised by the Governing Body (or suitably authorised school employee). Schools will be responsible for making all other payments to creditors via Agresso or FMS as applicable, up to the maximum amount delegated by the Governing Body.

Where school staff undertake paid work outside their normal terms and conditions, the terms of engagement must be formally reviewed and agreed by the relevant governor committee before the work commences to ensure there is no detrimental effect for the school. The review should include seeking Legal and HR advice where necessary to ensure that remuneration is in accordance with relevant employment terms.

#### **2.1.4 Control of assets**

Each school must maintain an inventory of its movable non-capital assets any asset worth over £1,000.

Disposal of assets purchased from the schools delegated budget must be approved by the Governing Body and comply with any local authority procedures.

Schools should ensure that anything that is portable and attractive; such as a camera, are registered.

### **2.1.5 Accounting policies (including year-end procedures)**

All schools must abide by procedures issued by the local authority on accounting policies and year-end procedures.

### **2.1.6 Writing off debts**

Governing bodies may write off debts up to the level stipulated by the Head of Finance. The current limit is £1,000. In the case of larger amounts advice should be sought from the Head of Finance.

The Head of Finance may also decide to seek recovery of outstanding income and charge the costs of recovery against any amounts recovered

## **2.2 Basis of accounting**

In line with previously issued documentation (CFR guidance 2008/9) schools accounts furnished to the Authority must be on an accruals basis provided in the output required by the Authority.

Year-end reports must take account of income and expenditure which is outstanding or pre-paid, so as to enable the authority to produce a statement of final accounts on an accruals basis, as required by legislation. RBWM will publish guidance and a timetable for the provision of year-end financial information to the authority. Schools may choose to use what financial software they wish for their own internal systems provided they meet the requirements of producing the financial information required by RBWM.

## **2.3 Submission of budget plans**

A school's own financial information requirements will be detailed, reflecting the many possible sub-headings, departments and cost centres between which funds may be allocated. However, the Authority's requirement is only for summarised information in the form of the Standard School Budget Plan.

Each school must comply with the schedule of submission found in Appendix 4a. The budget plan must be approved by the Governing Body and signed by both the Headteacher and the Chair of Governors.

If a school considers they are likely to have to set a deficit budget they must notify the Director of Children's Services as soon as possible and not later than the deadline date specified in Appendix 4. This will allow ongoing discussion between the school and the Authority in order to agree a recovery plan.

For the Authority to manage its responsibilities to "make arrangements for the proper administration of their financial affairs" (Section 151 of the Local Government Act 1972), a school may be required to provide further information to support their Standard School Budget Plan.

Budget plans must be in a format and style prescribed by the authority and take account of the Consistent Financial Reporting Framework. To assist in the

preparation of budget plans, RBWM will provide schools with guidance at the time that they are notified of their delegated budgets and supply income and expenditure data which it holds and which is necessary for efficient planning by schools.

### **2.3.1 Submission of financial forecasts**

Schools are required to submit a financial forecast for the multi-year period specified in Appendix 5. This will be used to confirm schools are undertaking effective financial planning as well as evidence to support the authority's assessment of Schools Financial Value Standards (SFVS) and as part of the authorities balance control mechanism. The authority will provide as much information as is available to assist schools in projecting income for future years.

## **2.4 School Resource Management**

Schools must seek to achieve effective management of resources and value for money, to optimise the use of their resources and to invest in teaching and learning, taking into account the Authority's purchasing, tendering and contracting requirements.

It is for heads and governors to determine at school level how to secure better value for money.

There are significant variations in efficiency between similar schools, and so it's important for schools to review their current expenditure, compare it to other schools, and think about how to make improvements.

## **2.5 Virement**

Within their Revenue Budget Schools can vire freely between budget headings and accounts within their budget shares see 1.5. Capital virements need to be notified in advance to the local authority. The revisions should be shown in the reports submitted to the Authority as in 2.1.2.

## **2.6 Audit: General**

For clarity, schools within the audit regime determined by the authority as regards internal audit, and the authority's external audit regime as determined by the Local Audit and Accountability Act 2014, and are required to co-operate with them, This includes a requirement to provide access to the school's records for either internal or external auditors.

The local authority shall be responsible for maintaining a continuous internal audit of the financial records, operations and systems of each school. Schools are also subject to inspection by the Authority's external auditors. Schools must co-operate with both internal and external auditors as and when required.

Schools must ensure that they maintain an appropriate level of audit trail for all documentation and retain such documentation for a period of 6 years plus current year for financial data. Schools should make every effort to comply with any reasonable requests from either internal or external auditors.

## **2.7 Separate external audits**

A school's Governing Body may also, if it wishes, spend part of its budget share to obtain external audit certification of any accounts containing school budget share funding. This would be in addition to the Authority's own internal and external audit process.

## **2.8 Audit of voluntary and private funds**

Schools must provide appropriate audit certificates to the audit section on request in respect of voluntary and private funds held by them and of the accounts of any trading organisations or company controlled by the school. A copy of the private audit must be sent annually to Bursar Support however the authority will not normally audit such funds but purchase of this service from internal audit maybe arranged by the school.

## **2.9 Register of business interests**

Each school's Governing Body is required to establish a register of business interests for each member of the Governing Body and the head teacher. The register should list any business interests they or their immediate families have. The register should be kept up to date i.e. as a standing item on meeting agendas and should be reviewed at least annually. The register should be available for inspection by governors, staff, parents and the authority and to publish the register, for example on a publicly accessible website.

## **2.10 Purchasing, tendering and contracting requirements**

Each school must abide by the Authority's financial regulations and standing orders regarding purchasing, tendering and contracting supplies and services.

Schools should also assess in advance, where relevant, the health and safety and professional competence of contractors, taking account of the Authority's policies and procedures. The financial regulations and standing orders will not apply where they would require schools:

- to do anything incompatible with any of the provisions of the scheme, or any statutory provision, or any EU Procurement Directive;
- to seek Local Authority officer countersignature for any contracts for goods or services for a value below £60,000 in any one year;
- to select suppliers only from an approved list (schools may wish to nominate suppliers for inclusion on lists of approved suppliers);
- to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year, subject to specific listed exceptions.

Schools may seek advice on a range of compliantly procured deals via 'Buying for Schools'.

## **2.11 Application of contracts to schools**

Schools have the right to opt out of Authority arranged contracts as per the notice periods and conditions within specific contract agreements.

All existing contracts have been entered into freely by schools and are paid for from delegated budgets.

The Governing Body should be aware that they are empowered under paragraph 3 of schedule 1 to the Education Act 2002 to enter into contracts and in most cases they do so on behalf of the authority as maintainer of the school and the owner of the funds in the budget share. And be clear as to when they enter into contracts made solely on behalf of the Governing Body, when the Governing Body has clear statutory obligations - for example, contracts made by aided or foundation schools for the employment of staff.

## **2.12 Central funds and earmarking**

The Authority may make sums available to schools from central funds, in the form of allocations that are additional to and separate from Schools' Budget share. These will be subject to conditions as to the purpose for which these additional funds can be used. In certain circumstances virement is acceptable (excluding specific grant items) between different types of earmarked funding. All these funds must be accounted for separately from the Schools Budget share.

Where centrally retained funds are devolved as earmarked allocations they must be spent only on the purposes for which they are given. Schools will be required to appropriately account for the use of earmarked funds and they must be able demonstrate that the funds have been used for the purposes for which they were allocated.

Earmarked funds must be returned to the authority if not fully spent within the period stipulated by the authority over which schools are allowed to use the funding.

## **2.13 Spending for the purposes of the school**

Although section 50(3) of the Schools Standard and Framework Act allows Governing Bodies to spend budget shares for the purposes of the school, this is subject to regulations made by the Secretary of State and any provisions of the scheme. As well as the various standard provisions LAs may wish to propose their own restrictions on this freedom, arising from local circumstances. By virtue of section 50(3A) (which came into force on 1st April 2011), amounts spent by Governing Bodies on community facilities or services under section 27 of the Education Act 2002 will be treated as if spent for any purposes of the school.

Under s.50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. He has done so in the School Budget Shares (Prescribed Purposes) (England) Regulations 2002 (SI 2002/378), which have been amended by the School Budget Shares (Prescribed Purposes) (England) (Amendment) Regulations 2010 (SI 2010/190). These allow schools to spend their budgets on pupils who are on the roll of other maintained schools or academies.



## **2.14 Capital spending from budget shares**

In addition to any capital allocation made available by the LA outside a school's delegated budget share, Governing Bodies are permitted to use their budget shares to meet the cost of capital expenditure on the school premises. This includes expenditure by the Governing Body of a Voluntary Aided school on work that is their responsibility under paragraph 3 of Schedule 3 of the School Standards and Framework Act (SSFA) ensuring it is compliant within current VAT rules and regulations.

See Appendix 6 for any additional limitation.

The LA requires any capital spending from budget shares to be notified to the Director of Children's Services. Where the premises are owned by the LA, the Governing Body must first seek the consent of the LA to the proposed works, but such consent can be withheld only on health and safety grounds.

The reason for these provisions is to help meet responsibilities with the School Premises (England) Regulations 2012, the Workplace (Health, Safety and Welfare) Regulations 1992, the Regulatory Reform (Fire Safety) Order 2005, the Equality Act 2010, and the Building Regulations 2010.

On an annual basis schools will be required to report to the Authority an updated costed Asset Management Plan.

## **2.15 Notice of concern**

The authority may issue a notice of concern to the Governing Body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Children's Services, the school has failed to comply with any provisions of the scheme, or where actions need to be taken to safeguard the financial position of the authority or the school.

Such a notice will set out the reasons and evidence for it being made and may place on the Governing Body restrictions, limitations or prohibitions in relation to the management of funds delegated to it. These may include:

- insisting that relevant staff undertake appropriate training to address any identified weaknesses in the financial management of the school
- insisting that an appropriately trained/qualified person chairs the finance committee of the Governing Body
- placing more stringent restrictions or conditions on the day to day financial management of a school than the scheme requires for all schools – such as the provision of monthly accounts to the authority
- insisting on regular financial monitoring meetings at the school attended by authority officers
- requiring a Governing Body to buy into an authority's financial

management systems; and

- imposing restrictions or limitations on the manner in which a school manages extended school activity funded from within its delegated budget share – for example by requiring a school to submit income projections and/or financial monitoring reports on such activities.

The notice will clearly state what these requirements are and the way in which, and the time by which such requirements must be complied with in order for the notice to be withdrawn. It will also state the actions that the authority may take where the Governing Body does not comply with the notice.

The purpose of a notice of concern is to enable the authority to set out formally any concerns it has regarding the financial management of a school it maintains and require a Governing Body to comply with any requirements it deems necessary. The principal criterion for issuing a notice must be to safeguard the financial position of the authority or school.

The issuing of a notice of concern will not be used in place of the withdrawal of financial delegation where that is the more appropriate action to take. However, it may be used as a way of making a Governing Body aware of the authority's concerns short of withdrawing delegation and identifying the actions a Governing Body should take in order to improve their financial management to avoid withdrawal.

When a Governing Body has complied with the requirements imposed on it, the notice of concern will be withdrawn. Where a school does not comply with the requirements of a notice of concern then the authority reserves the right to move towards a more formal withdrawal of financial delegation.

## **2.16 Schools Financial Value Standard (SFVS)**

All local authority maintained schools (including nursery schools and pupil referral units (PRUs) that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. Although it is for the school to determine at which time of the year they wish to complete the form RBWM request that they are returned by the end of the financial year.

Governors must demonstrate compliance through the submission of the SFVS assessment form signed by the Chair of Governors. The form must include a summary of remedial actions with a clear timetable, ensuring that each action has a specified deadline and an agreed owner. Governors must monitor the progress of these actions to ensure that all actions are cleared within specified deadlines.

## **2.17 Fraud**

All schools must have a robust system of controls to safeguard themselves against fraudulent or improper use of public money and assets.

The Governing Body and Headteacher must inform all staff of school policies and procedures related to fraud and theft, the controls in place to prevent them; and the consequences of breaching these controls. This information must also be included in induction for new school staff and governors.

### **3 Instalments of the budget share; banking arrangements**

For the purposes of this section, Budget Share includes any place-led funding for maintained schools with resource units, special schools or pupil referral units.

#### **3.1 Frequency of instalments proportion of budget share payable at each instalment**

The school's appropriate budget share will be advanced into the schools bank accounts in accordance with section 3.2.

#### **3.2 Proportion of budget share payable at each instalment**

Where a school chooses to operate an external bank account, RBWM will normally make available the budget share in twelve equal instalments on the first working day of each month.

##### **3.2.1 Bank accounts operated through the authority – imprest accounts**

RBWM operates an imprest system for schools choosing to use the Borough's 'Imprest' bank accounts and which do not purchase direct access to the Borough's Agresso accounting system. This option enables the payment of all bills or those requested by schools to be paid by the authority through borough-wide contracts (e.g. utility payments) or payments otherwise due to the authority.

Those schools choosing to use this option agree a level of deposit with the authority and receive monthly reimbursements to the value of the net expenditure submitted on their monthly imprest return. Schools are free to draw up to the total budget share as and when required. Temporary overdrafts to cover irregular, high value invoices must be requested and approved by the authority before the account becomes overdrawn. The imprest return creates the central accounting record for the school on RBWM's central accounting system.

##### **3.2.2 Bank accounts operated through the authority – "Agresso" schools**

Schools which use the authority's bank account may opt to have direct access to the authority's accounting system (currently "Agresso") instead of using the imprest system. This option enables schools to use the central payments system for all items of expenditure and the central accounting record is created at the time the transaction takes place. Schools are free to draw up to the total budget share as and when required.

Schools using the authority's bank account (both 'imprest' and 'Agresso' schools) will be credited annually with notional interest representing the level of interest that would have been generated if the school operated its own bank account. This is calculated with reference to the interest rates obtained by the authority in its Treasury Management function.

A full term's notice in writing will be required if a school wishes to change from using the Borough's bank account to having their budget share paid directly into their own external account. The same notice period will be required if a school wishes to

change from an external bank account to the Borough's bank account. New banking arrangements may only be made with effect from the start of the financial year.

### **Proportion of budget share payable at each instalment (external bank accounts only)**

#### **3.2.3 Arrangements for the first year a school operates an external bank account**

For schools choosing to operate an external bank account for the first time, an estimate of the likely brought forward balance from the previous financial year will be agreed with the authority and transferred to the designated external bank account (net of any adjusting accruals required to comply with accounting policies) before the start of the new financial year. When the actual brought forward balance is determined by the authority, and this differs from the original estimate, a one-off adjustment will be processed against the next available monthly instalment. The authority may charge or pay interest on any variance to the original estimate, where this is considered significant. Such interest payments will be calculated on a daily basis at 1% above the Base Rate (now called Repo Rate) as set by the Bank of England.

#### **3.2.4 Ongoing arrangements for payments to an external bank account**

The proportion of the budget share to be made available in monthly instalments to schools with external bank accounts will be based on 1/12th of the school's allocated budget share. Any in-year changes to the budget made after the start of the financial year will be divided by the number of months remaining in the year and added equally to the relevant monthly instalments. Schools may opt to have either their total budget share or their budget share net of estimated pay costs (if RBWM payroll service purchased) made available to them in instalments.

In the absence of other more reliable information, these deductions will be calculated having regard to the proportion of actual expenditure incurred on such items in the last completed financial year compared to total expenditure. These proportions will then be applied to the budget share to determine a total deduction, and then recalculated for actual planned expenditure upon receipt of the approved budget plan for the relevant financial year. An adjustment will be processed against the next due instalment should this be different from the original estimate.

### **3.3 Interest clawback**

The timing of payments into external bank accounts may result in a loss of interest to the authority, for example where payments are made into a school bank account at the beginning of the month but salary payments are not processed until the last working day. To compensate for this loss of interest, the authority may claw back an amount equal to the estimated interest lost by the authority in making available the budget share in advance. The calculation for the deduction will be based on the following formula:

Month 1	$M \times I \times 12/12$
Month 2	$M \times I \times 11/12$
Month 3	$M \times I \times 10/12$
Etc to Month 12	$M \times I \times 1/12$

Where:

- M is the monthly budget share paid into the bank account, and
- I is the prevailing interest (normally 1% above the Base Rate set by the Bank of England).

The authority will periodically review this model with schools in order to adapt to any changing circumstances.

### **3.3.1 Interest on late budget share payments**

The Authority may add interest to late payments of budget share instalments on any school non-consolidated bank account, where such late payment is the result of Authority error. For schools within the consolidated bank account scheme, no interest is paid since interest is paid on year end balances. The interest rate used will be the Bank of England base rate +1%.

### **3.4 Budget shares for closing schools**

Schools where approval for closure has been given, may have their estimated non-employee budget share advanced on a monthly basis until closure.

### **3.5 Bank and building society accounts**

All schools may have an external bank account into which their budget share instalments (as determined by other provisions in this scheme) will be paid. Where schools have such accounts they will be allowed to retain all interest payable on the account, (unless they choose to have an account within an authority's contract which makes other provision), and they must pay any charges associated with the operation of the account.

Where a school opens an external bank account, RBWM will immediately transfer to the account, if requested, the estimated surplus balance held by the authority in respect of the school's budget share as agreed by both the school and the authority. Subsequent corrections, if needed, will be processed when accounts for the relevant year are closed.

Schools can choose to continue operating the RBWM's Imprest Account whereby a level of deposit will be agreed, and schools will receive a monthly reimbursement at the value of submitted expenditure claims.

Unless written agreement is received from the authority, new bank account arrangements may only be made with effect from the beginning of each financial year, and after giving the authority four months' written notice of the change. This means that an external bank account can normally only be operated from the 1 April each year. Schools may only open an external bank account if their budget balance is in surplus, after adjusting for any budget advances or claw-backs due under the approved funding arrangements. This provision may be waived at the discretion of the Head of Finance.

### **3.6 Borrowing by schools**

Schools must not enter into any borrowing agreement unless the written permission of the Secretary of State has been obtained. This provision relates to borrowing from external financial institutions and not to internal loan schemes.

Schools are not allowed the use of credit cards and overdrafts, which are regarded as borrowing. However, they may use government approved procurement cards, as these cards can be a useful means of facilitating electronic purchase.

Schools are allowed the use of any scheme that the Secretary of State has said is available to schools without specific approval. An up to date list is available from the Government website.

#### **Loans**

Schools may only borrow money with the prior written permission of the Secretary of State. For Government approved schemes this permission is deemed to already have been given. The school must inform the local authority of their intention prior to any loan application to a government approved scheme. Schools may borrow via a local authority internal loan scheme.

#### **Overdrafts**

Schools are not allowed the use of an overdraft on any school account (either an official or unofficial account) as this would be regarded as borrowing. Schools should not apply for an overdraft but where one is automatically provided, it is the responsibility of the school to ensure the facility is not accessed. Should a school use an overdraft facility even as a temporary arrangement it should inform the local authority immediately.

#### **Debit Card**

Schools are not allowed the use of a debit card where they have a bank account consolidated to the Authority's account. A School with an external bank account must inform the local authority of their intention to apply for a debit card and obtain approval of the controls for the use of the debit card facility prior to applying to their bank account provider.

#### **Credit card**

Schools are not allowed the use of a credit card. Schools may instead apply via the local authority for a government approved procurement card.

#### **Procurement card**

Schools may apply via the local authority for a procurement card. Schools must comply with the local authority guidelines for the use of a procurement card.

#### **Charge card**

Schools are permitted to apply for a charge card with local authority permission on the understanding that no interest occurs as a result of any transaction. Schools

must ensure that the balance is paid in full at the end of each billing period. Schools must seek permission of the local authority prior to making an application for a charge card and obtain approval from the local authority of the controls for the use of the charge card facility. Schools must inform the local authority immediately in the event that interest is charged to any transaction.

### **Trade Account Card**

Schools are permitted to apply for a trade account card with local authority permission on the understanding that no interest occurs as a result of any transaction and a suitable business case is provided. Schools must ensure that the balance is paid in full at the end of each billing period. Schools must seek permission of the local authority prior to making an application for a trade account card and obtain approval from the local authority of the controls for the use of the trade account card facility. Schools must inform the local authority immediately in the event that interest is charged to any transaction. A trade account does not remove the requirement for the school to undertake appropriate checks against a supplier.

### **Leases**

Schools may not enter into a 'finance lease' or 'hire-purchase' unless the written permission of the Secretary of State has been obtained, since these are classified as borrowing.

School may enter into an 'operating lease', as defined by the local authorities (Capital Finance) Regulations 1997 as these do not count as borrowing. The definition of an 'operating lease' is summarised as follows.

- The asset under lease must have a residual value at the end of the agreed lease period of at least 10% of its original cost.
- The lease cannot transfer ownership of the asset to the lessee (at any time during the agreed lease period or a renewal or continuation period).
- The lease cannot provide for renewal or continuation beyond the initial term at less than the "market value" for this provision at the commencement of the secondary arrangement.
- The lessee cannot share in the sale proceeds of the asset under lease.

### **Removal of permissions**

The local authority has the right to remove permission for a school to hold a debit card, procurement card, charge card or trade account card(s) where a school has infringed on any of the criteria for holding any card, including breaches of their own controls or infringements relating to loans, overdrafts or leases. Schools should ensure that all internal controls on cards are reviewed annually and updated as necessary. All procedural changes need to be agreed with the local authority.



**3.7 Other provisions**

See Appendix 2.

## **4 The treatment of surplus and deficit balances arising in relation to budget shares**

### **4.1 Right to carry forward revenue surplus balances**

Schools will be allowed to carry forward from one financial year to the next any underspend relative to the Schools Budget share plus/minus any balance brought forward from the previous year, subject to controls on surplus balances (see below). A schools balance at 1 April of any financial year is equal to the balance as at 31 March in the previous financial year.

Any surpluses should be earmarked for specific future needs to ensure that pupil's benefit from a planned approach to spending that does not deprive them of resources in a given year. These earmarked surpluses should be clearly linked to the School Development Plan.

### **4.2 Control on surplus balances**

The arrangements for surplus balances held by schools as permitted under this scheme have been revised.

As schools are moving towards greater autonomy, the Authority will not constrain schools from making early efficiencies to support their medium-term budgeting in a tighter financial climate, and thus schools will not be burdened by bureaucracy.

Schools where either the local authority or Department for Education deem the surplus balance to be excessive, may be required to comment on the rationale employed. The authority may reclaim balances from schools where they deem them excessive. Appendix 6 gives details of the percentages used as a guide for each education phase.

### **4.3 Interest on surplus balances**

Schools that have a bank account consolidated to the Authority's account will attract interest on any surplus balance at the year end.

The interest rate will be the Treasury Management 7 day rate.

### **4.4 Obligation to carry forward deficit balances**

If a school is in deficit (revenue and/or capital) on the 31 March in any one financial year, that deficit will be carried forward to the following financial year. A schools deficit balance at 1 April of any financial year is equal to the deficit balance as at 31 March in the previous financial year.

### **4.5 Planning for deficit balances**

#### **4.5.1 Deficit plans (setting a deficit revenue budget)**

Governing Bodies may only plan for a deficit budget with the agreement of the Head of Finance and in accordance with the terms of paragraph 4.9 below.

More details are available in Appendix 5: Supplementary Information.

#### **4.5.2 Deficit revenue balances (carryovers)**

Unforeseen circumstances in year may result in a projected end of year deficit (carryover). In such instances the school should report this to the Director of Children's Services as soon as they become aware of such a situation.

The Authority's own monitoring procedures may also highlight situations of potential end of year deficit (carryover).

If such unforeseen circumstances do result in an end of year deficit balance (carryover), any deficit will be carried forward to the following financial year and schools are required to:

- report to the Director of Children's Services on the reasons for the end of year deficit (carryover);
- if appropriate, detail the management arrangements in place to ensure there is no repeat of the situation;
- detail the measures that will be taken to bring the school back into a balanced budget situation;
- any other such arrangements as the Director of Children's Services may require.

If a school is unable to bring the budget back into balance when setting the following year's budget it will have to provide a recovery plan with an agreed recovery period

The end of year balance is defined for this purpose as the school end of year balance (as notified to the school by the Director Children's Services).

#### **4.6 Charging of interest on deficit balances**

The authority may charge interest on any deficit balance where -

- A licensed deficit has been approved to finance a major equipment purchase or building development.
- A school Governing Body faced with a deficit budget fails to seek or follow the advice of the Director of Children's Services or Head of Finance in producing a plan to repay the deficit.
- A school goes into deficit without the prior written approval from the authority. In such cases, the interest will be 4% above the Bank of England's Base rate.

#### **4.7 Writing off deficits**

The Authority cannot write off the deficit balance of any school.

#### **4.8 Balances of closing and replacement schools**

When a school closes, any balance (whether surplus or deficit) shall revert to the authority; it cannot be transferred as a balance to any other school, even where the school is a successor to the closing school.

The authority can also provide extra funding for new schools to recognise the deficit of a preceding school by being reduced; but a sum equal to the deficit cannot be set against any 'normal' funding of the new school – this is the element of funding it would receive anyway if it was not new.

For the first year (i.e. the 12 month period following the formal implementation of an amalgamation of schools) of combined budget(s), the school(s) would receive no less than if there had been the original schools. Subsequently, any loss of funding will be phased over the subsequent two years (three years in total).

#### **4.9 Licensed deficits**

The Authority does not operate a licensed deficit scheme. Any deficit agreed as part of an agreed recovery plan is deemed as borrowing from the Authority.

#### **4.10 Loan schemes**

Loans will only be used to assist schools in spreading the cost over more than one year of large one-off individual items of capital nature that have a benefit to the school lasting more than one financial or academic year. Loans will not be used as a means of funding a deficit that has arisen because a school's recurrent costs exceed its current income. If loans are made to fund a deficit and a school subsequently converts to academy status, the Secretary of State will consider using the power under paragraph 13(4)(d) of schedule 1 to the Academies Act 2010 to make a direction to the effect that such a loan does not transfer, either in full or part, to the new Academy school.

#### **4.11 Credit union approach**

The Authority does not currently recognise a credit union approach. Schools wishing to adopt this approach should contact the Director of Children's Services.

## **5 Income**

### **5.1 Income from lettings**

Schools may retain all income from lettings of the school premises that would otherwise accrue to the LA, subject to any alternative provisions arising from any joint-use or (Private Finance Initiative) agreement. Schools are permitted to cross-subsidise lettings for community and voluntary use with income from other lettings, provided the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. However, where land is held by a charitable trust, it will be for the school's trustees to determine the use of any income generated by the land.

Income from lettings of schools premises are not payable into voluntary or private funds held by the school.

Schools are required to have regard to any directions issued by the LA as to the use of school premises owned by the LA, as permitted under the School Standards and Framework Act 1998 for various categories of schools.

#### **5.1.1 Private lettings**

All schools are recommended to produce a hiring and letting policy which is adopted by the Governing Body.

Any income raised through private lettings must be paid into the schools main bank account.

Private lettings should not displace agreed community lettings. However, schools may find it advantageous to have private lettings take place alongside their community lettings to reduce costs.

#### **5.1.2 Use of schools for elections**

Under elections legislation, community and voluntary aided schools are obliged to make accommodation available for polling stations. The Authority policy is that, if at all possible, schools should remain open on the day of the election.

Schools are reimbursed directly by the Authority for the costs incurred in making accommodation available for polling stations.

#### **5.1.3 Use of schools for emergency plan**

Any costs incurred by the school for emergency plan purposes will be reimbursed by the Authority.

## **5.2 Income from fees and charges**

Schools can retain income from fees and charges except where a service is provided by the Authority from centrally retained funds. However, schools should have regard to any policy statements on charging produced by the Authority.

## **5.3 Income from fund-raising activities**

Schools will be allowed to retain income from fund-raising activities.

## **5.4 Income from the sale of assets**

Schools may retain the proceeds from the sale of assets except in cases where the asset was purchased with non-delegated funds, in which case the Authority will decide whether the school should retain the proceeds. If the asset is land or buildings forming part of the school premises and is owned by the Authority the proceeds must be paid to the Authority.

## **5.5 Administrative procedures for the collection of income**

The procedures for collection of income are laid down in the Schools Financial Regulations and Standing Orders. These include guidance on charging of VAT on income.

## **5.6 Purposes for which income may be used**

Income from sale of assets purchased with delegated funds must only be spent for the purposes of the school.

## **6 The charging of school budget shares**

### **6.1 General provisions**

A school's budget share may only be charged by the Authority without the Governing Body's permission in the circumstances permitted by this scheme (see 6.2 below). The Authority will consult the schools as to the intention to charge and will notify schools when it has been done.

6.1.1 Where a school hasn't elected to administer their own staff salaries via external payroll providers; the Authority will charge salaries of school based staff to school budget shares at actual cost.

### **6.2 Circumstances in which charges may be made**

- Where premature retirement costs have been incurred without the prior written agreement of the Authority to bear such costs (the amount chargeable being only the excess over any amount agreed by the Authority);
- Other expenditure incurred to secure resignations where the school has not sought or followed Authority advice.
- Awards by courts and industrial tribunals against the Authority or out of court settlements, arising from action or inaction by the Governing Body contrary to Authority advice.
- Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been specifically delegated to the Governing Body for such work, but the Governing Body has failed to carry out the required work;
- Expenditure by the Authority incurred in making good defects in building work funded by capital expenditure from budget shares, where the premises are owned by the Authority or the school has voluntary controlled status.
- Expenditure incurred by the Authority in insuring its own interests in a school where funding has been delegated but the school has failed to demonstrate that it has arranged cover at least as good as that which would have been arranged by the Authority. (see also 10.1)
- Recovery of monies due from a school for services provided to the school, where a dispute over the monies due has been referred to a disputes procedure set out in a service level agreement and the result is that monies are owed by the school to the Authority
- Recovery of penalties imposed on the Authority by the board of Inland Revenue, the Contributions Agency, HM Revenue & Customs (HMRC), Teachers' Pensions, the Environment Agency or other regulatory authorities as a result of schools negligence.
- Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions)

- Additional transport costs incurred by the Authority arising from decisions by the Governing Body on the length of the school day, and the failure to notify the Authority of non-pupil days resulting in unnecessary transport costs.
- Legal costs which are incurred by the Authority because the Governing Body did not accept the advice of the Authority (see also section 11).
- Costs of necessary health and safety training for staff employed by the Authority, where funding for training has been delegated but the necessary training has not been carried out.
- Compensation paid to a lender where a school enters into a contract for borrowing beyond its legal powers, and the contract is of no effect.
- Cost of work done in respect of teacher pension remittance and records for schools using non-Authority payroll contracts, the charge to be minimum needed to meet the cost of the Authority's compliance with its statutory obligations.
- Costs of administering the Apprenticeship Levy
- Costs incurred by the Authority in securing provision specified in an Education, Health and Care Plan (EHCP) where the Governing Body of a school fails to secure such provision despite the delegation of funds in respect of low cost high incidence SEN (prior attainment) and/or specific funding for a pupil with High Needs.
- Cost incurred by the Authority due to submission by the school of incorrect data.
- Recovery of amounts spent from specific grants on ineligible purposes.
- Costs incurred by the Authority as a result of the Governing Body being in breach of the terms of a contract e.g. opting out of a centrally managed contract without giving sufficient notice as specified in the contract.
- Costs incurred by the Authority or another school as a result of a school withdrawing from a cluster arrangement, for example where this has funded staff providing services across the cluster.
- Costs incurred by the authority in administering admissions appeals, where the local authority is the admissions authority and the funding for admission appeals has been delegated to all schools as part of their formula allocation.
- Other expenditure incurred to secure resignations where there is good reason to charge this to the school (see Annex B).



## **7 Taxation**

### **7.1 Value Added Tax**

Imprest Schools will provide a monthly return showing the amounts of VAT paid out and charged. The Authority will reclaim the net VAT on non-business activities and the reclaimed amount will be paid into the schools bank account. All schools including Agresso schools must comply to HMRC VAT regulations and are responsible for holding the supporting documentation at school (eg invoices petty Cash Receipts etc). When required VAT documentation to provided by schools to HMRC or Audit.

HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the authority is treated as being incurred by the authority and qualifies for reclaim by the authority. This does not include expenditure by the governors of a voluntary aided school when carrying out their statutory duties to maintain the external fabric of their buildings. See also section 13.

### **7.2 CIS (Construction Industry Taxation Scheme)**

Schools are required to abide by the procedures laid down by the Authority in connection with Construction Industry Taxation Scheme.

## **8 The provision of services and facilities**

### **8.1 Provision of services from centrally retained budgets**

It is for the Authority to determine on what basis services from centrally-retained funds will be provided to schools. This includes Premature Retirement Compensation (PRC) and redundancy payments, where appropriate.

The Authority will not discriminate in its provision of services to schools on the basis of their category except in circumstances where (a) funding has been delegated to some schools only or (b) such discrimination is justified by differences in statutory duties.

### **8.2 Provision of services provided by the Authority**

Services can be bought back from the Authority using delegated budgets, the services available are contained within the Authority's Traded Services for Schools brochure.

Provision will be available on a service-by-service basis; it may be tailored to individual school needs and may form part of a package of services.

Services are reviewed annually with a pricing proposal sent to schools for consideration.

Final offers are confirmed when schools sign a Service Level Agreement setting out the terms and conditions of the Authority and the school.

Any service provided to schools for which expenditure is not retainable by the Authority under the Regulations made under section 46 of the Act, are offered at prices which are intended not to generate income but cover the cost of provision.

The cost of providing the service is met by the income generated, even if schools are charged differentially.

### **8.3 Packaging**

Any services, which the Authority is providing on a buyback basis, will be offered in a way that will not unreasonably restrict schools' freedom of choice among the services available.

Provision will be available on a service-by-service basis with further freedom of choice available through a menu systems which offers individual elements of the services. Some services also offer packages of services, which may offer a more cost effective service.

### **8.4 Teachers' pensions**

In order to ensure that the performance of the duty on the Authority to supply Teachers Pensions with information under the Teachers' Pensions Regulations 1997, the following conditions are imposed on the Authority and Governing Bodies of all maintained schools covered by this Scheme in relation to their budget shares.

The conditions only apply to Governing Bodies of maintained schools that have not entered into an arrangement with the Authority to provide payroll services.

A Governing Body of any maintained school, whether or not the employer of the teachers at such a school, which has entered into any arrangement or agreement with a person other than the Authority to provide payroll services, shall ensure that any such arrangement or agreement is varied to require that person to supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required. A Governing Body shall also ensure that any such arrangement or agreement is varied to require that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The Governing Body shall meet any consequential costs from the school's budget share.

A Governing Body of any maintained school which directly administers its payroll shall supply salary, service and pensions data to the Authority which the Authority requires to submit its annual return of salary and service to Teachers' Pensions and to produce its audited contributions certificate. The Authority will advise schools each year of the timing, format and specification of the information required from each school. A Governing Body shall also ensure that Additional Voluntary Contributions (AVCs) are passed to the Authority within the time limit specified in the AVC scheme. The Governing Body shall meet any consequential costs from the school's budget share.

## **9 PFI / PPP**

### **9.1 PFI/PPP**

Any school agreeing to be included within a PFI contract will be required to sign a 'Governing Body Agreement'. The agreement is between the Authority and Governing Body and sets out details of the services provided under the PFI contract and the schools financial contributions.

## **10 Insurance**

### **10.1 Insurance cover**

Where funds for insurance are delegated to any school, the Authority will require the school to demonstrate that cover relevant to the Authority's insurable interests, under a policy arranged by the Governing Body, is at least as good as the relevant minimum cover arranged by the Authority, having regard to the actual risks which might reasonably be expected to arise at the school. (See also 6.2.6).

Governing bodies maintaining their own insurance cover in place of that arranged by the Authority must provide to the Director of Children's Services an up-to-date copy of the policy or policies, together with all premium receipts or other evidence of cover. Failure to provide documentary proof of a satisfactory level of cover within a reasonable period of such a request being made may result in the school's budget share being charged.

See Appendix 3.

Instead of taking out insurance, schools may join the Secretary of State's Risk Protection Arrangement (RPA) for risks that are covered by the RPA. Schools are allowed to join the RPA after 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires.

## **11 Miscellaneous**

### **11.1 Right of access to information**

The Governing Body must supply all financial and other information which may be required by the Authority to satisfy itself that the school is properly managing its delegated budget share and any additional funds provided by the Authority.

### **11.2 Liability of Governors**

The Governing Body is a corporate body, and because of the terms of section 50(7) of the act, Governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided that they act in good faith.

### **11.3 Governors' allowances**

Under section 50(5) of the Act, only allowances in respect of purposes specified in regulations made under section 19 of the Education Act 2002 may be paid to governors from a school's delegated budget share. Schools are not permitted to pay any other allowances.

Schools with delegated budgets should only pay reasonable expenses. Schools may be required to provide details to the Authority of expenses paid.

#### **11.3.1 New schools**

Provision may be made to delegate funds for Governor's expenses to a school yet to receive a delegated budget. Only allowances as per Section 11 of the Schools Standards and Framework Act 1998 will be paid.

#### **11.3.2 Special measures**

Expenses paid to additional Governors to schools appointed by the Secretary of State under special measures must not be paid from a school's delegated budget share.

### **11.4 Responsibility for legal costs**

Legal costs incurred by the Governing Body, although the responsibility of the Authority as part of the cost of maintaining the school unless they relate to the statutory responsibility of voluntary aided school governors for buildings, may be charged to the school's budget share unless the Governing Body acts in accordance with the advice of the authority. (see section 6).

The costs referred to are those of legal actions, including costs awarded against an Authority; not the cost of legal advice provided.

Where there is a potential conflict of interest, problems could arise for the Authority and the Governing Body in obtaining proper legal advice. In this situation, the Authority should be consulted and the Governing Body should consider obtaining independent legal advice.

## **11.5 Health and safety**

In expending the school's budget share the Governing Body must have due regard to duties placed on the Authority in relation to health and safety, and the Authority's policy on health and safety matters in the management of the budget share.

Under s.39 (3) of the School Standards and Framework Act, Authorities may issue directions to the Governing Body and head teacher of a community, community special or voluntary controlled school on health and safety matters; these directions are enforceable, so far as Governing Bodies are concerned, via s.497 of the Education Act 1996, if not complied with.

## **11.6 Right of attendance for Director of Children's Services**

Governing Bodies must permit the Director of Children's Services, or any officer nominated by the Director of Children's Services, to attend meetings of the Governing Body at which any agenda items are relevant to the exercise of his/her responsibilities. The Director of Children's Services will give prior notice of such attendance unless impracticable to do so.

## **11.7 Special educational needs**

Schools must use their best endeavours in spending the budget share, to secure the special educational needs of their pupils.

## **11.8 Interest on late payments**

Under the Late Payment of Commercial Debts (Interest) Act 1998 all small company creditors must be paid within 30 days of the receipt of the invoice, unless there has been a dispute registered with the creditor. The creditor can, after such period has elapsed, submit a surcharge, on the original amount outstanding.

Published criteria change and Schools should ensure that they comply with the latest statutory requirement on this subject.

## **11.9 'Whistleblowing'**

The procedure for governors and persons working at the school who wish to complain about financial management or financial propriety at the school can be found at:

First Class - Information for All Schools / Human Resources / Policies & Procedures / Raising Concerns At Work (Schools) V6.1.doc

## **11.10 Child protection**

Schools must release staff to attend child protection case conferences and other related events. Supply cover costs has to be met from the schools delegated budget.

## **11.11 Redundancy / early retirement costs**

The 2002 Education Act sets out how premature retirement and redundancy costs should normally be funded. Further guidance is provided in annex B.



## **12 Responsibility for revenue & capital maintenance and improvement**

### **12.1 Responsibility for repairs and maintenance**

Appendix 6 shows the categories of work which Governing Bodies must finance from their budget. This covers both revenue (maintenance) and capital budgets.

The Authority will maintain a capital programme for items of capital expenditure set out in regulation 12.2 of the scheme. All other capital expenditure is the responsibility of the Governing Body to be funded either from the schools devolved capital grant, other capital funds or revenue contributions to capital.

### **12.2 Authority capital programme**

Only capital expenditure will be retained by the Authority. For these purposes, expenditure may be treated as capital only if it fits the definition of capital used by the Authority for financial accounting purposes in line with the CIPFA Code of Practice on local authority accounting.

### **12.3 Voluntary aided schools**

For voluntary aided schools, the liability of the authority for repairs and maintenance (albeit met by delegation of funds through the budget share) is the same as other maintained schools, and no separate list of responsibilities is necessary for such schools. However, eligibility for capital grant from the Secretary of State for capital works at voluntary aided schools depends on the de minimis limit applied by the DfE to categorise such work, not the de minimis limit used by the authority.

## **13 Community facilities**

### **13.1 Introduction**

Schools now have greater opportunities to provide services for the community. An extended school is one that provides a range of services and activities often beyond the school day to help meet the needs of its pupils, their families and the wider community. Further information is shown in Annex C.

### **13.2 Suspension of delegated budget**

Mismanagement of community facility funds can be grounds for suspension of the right to a delegated budget.

### **Consultation with the Authority – financial aspects**

In every school and community there will be key groups who need to be consulted about activities. They should be involved in the planning process to ensure that extended school programmes are in demand, well organised and meet local needs.

The Governing Body has ultimate responsibility for deciding whether the school should offer additional activities and services and what form these should take. Before making decisions, governors need to be aware of any additional responsibilities that may result from providing additional services through the school. As with existing school activities, Governing Bodies can delegate the practical delivery of services to others, but they will keep ultimate legal responsibility.

Headteachers will need to be fully consulted in the development of additional activities and services in the school. Their school management experience can also be invaluable for the planning of new activities and services and in some schools, Headteachers may choose to be closely involved in the leadership of additional activities and services.

Other school staff can also play a key role in the planning process. Most will have a clear understanding of the needs of pupils, families and the wider school community. They will also be able to advise on the day-to-day impact of additional services on the school premises, equipment, timetables and school community.

Whatever their level of involvement, all school staff should be kept informed and involved in any decisions that relate to the school premises, staff or pupils.

### **13.3 Consult the Authority**

Section 28(4) of the Education Act 2002 requires that before exercising the community facilities power, Governing Bodies must consult the Authority, and have regard to advice given to them by their Authority.

### **13.4 Approach the Authority**

Schools should initially approach the Authority for a strategic view on potential programmes. The Authority is well placed to help in assessing the ability of schools

to offer additional activities. The Authority will take into account the school's resources, financial management abilities and other considerations.

### **13.5 Responses**

The Authority will issue an initial response to any approach from a school within four weeks. The Authority may request from any school operating community activities a report on any action taken following the advice.

## **Funding agreements – authority powers**

### **13.6 Funding agreements**

The provision of community facilities in many schools may be dependent on the conclusion of a funding agreement with a third party which will either be supplying funding or supplying funding and taking part on the provision. A very wide range of bodies and organisations are potentially involved.

### **13.7 Authority review**

Any funding agreements with third parties should be submitted to the Authority for its comments prior to the Governing Body signing any such agreement so that the Authority can ensure that any agreement is not seriously prejudicial to the interests of the school or the Authority.

## **Other prohibitions, restrictions and limitations**

### **13.8 Additional requirement**

Where the Authority believes it appropriate they may require the use of community facilities power by a Governing Body. The Governing Body concerned will be required to make arrangements to protect the financial interests of the Authority by carrying out the activities concerned through the vehicle of a limited company formed for the purpose, or by obtaining indemnity insurance for risks associated with the project in question, as specified by the authority.

### **13.9 Additional restrictions**

The Authority has the power to suspend a school's delegated budget if:

- a school undertakes the provision of community activities without consulting the Authority and which the Authority considers is seriously prejudicial to the interests of the school or the Authority;
- the Authority considers the financial management of community services provided by a Governing Body unsatisfactory; or
- the Governing Body is guilty of substantial or persistent non-compliance with any rules laid down by or under the Authority's Scheme for Financing Schools.

## Supply of financial Information

All schools will need to make some adjustments to their financial procedures in order to extend their activities beyond pupils and the school curriculum.

Community activities must be self-financing, except study support for pupils. Study support is learning activities outside normal school hours which young people take part in voluntarily. The purpose of study support is to improve young people's motivation, build their self-esteem and help them become more effective learners and above all aims to raise pupil's achievement.

There are several basic principles for financial management of extended schools programmes.

- Additional activities and services should have separate financial accounts.
- Programmes should where possible be self-financing with the school's delegated budget share only funding additional educational activities and services.
- Before establishing community activities the Governing Body must prepare a four year business plan including cash flow forecasts. The business plan should demonstrate how the Governing Body would fund establishing any community activities and demonstrate that the activities are self-financing for the following three years. Once established a three year business plan should be maintained.
- Governing Bodies may seek grant funding to establish community activities e.g. New Opportunities Funding for Out of School Clubs.
- The Governing Body may not borrow money for community activities without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by the Authority.
- If by providing community activities, it is felt that it is adversely affecting the Governing Body's main responsibility to educate pupils and promote high standards of educational achievement at the school, the Authority may withdraw the right for the Governing Body to operate such community activities.
- Failure to comply with regulations on financial procedures could lead to the removal of the Governing Body's power to discharge its delegated budget.
- Schools should consider the educational benefits of supporting any educational provision or programme through their Schools Budget

Community use of school facilities will need to be self-financing, either through alternative funding streams or charges to users.

It should be noted that activities such as study support are deemed as being for 'the purposes of the school' (i.e. for the educational benefit of the school's registered

pupils). Therefore, such activities may be funded from the school's budget share and schools are encouraged to provide all study support activities free to all pupils.

The Governing Body should keep separate accounts for its community activities to ensure that the community costs incurred are fully covered by income such as fees and charges and kept distinct from the school's delegated budget.

Some schools may wish to encourage activities and services that they consider a priority, but which might not be self-financing. Activities and services that generate income can be used to help support other programmes. Equally, charges can be subsidised for individual users of services who might be unable to pay to participate, but who could benefit significantly from the activity or service.

### **13.10 Supply of financial information**

Any school operating community activities must provide the Authority with a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position.

If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position on a quarterly basis.

If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.

Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share.

### **Supply of non-financial information**

Governing Bodies may be required to provide some non-financial information to the Authority where any community activities form part of a corporate strategy for provision. The Authority will inform the Governing Body of any such requirements at the time of agreeing the establishment of such community activities.

### **13.11 Adjustment to frequency of financial reports**

If the Authority has concerns of the financial viability of any community activities a school may be required to provide a financial report identifying income and expenditure received, accumulated balance brought forward from the previous financial year and projected year end financial position on a quarterly basis.

If the Authority continues to have concerns of the financial viability of any community activities a school will be required to submit a recovery plan for the activity in question.

Schedule 3 of the Education Act 2002 inserts a new provision into Schedule 15 of the Act to make mismanagement of funds received for community facilities a basis for suspension of the right to delegation of the budget share.

## **Audit**

### **13.12 Audit**

Schools community activities financial accounts must be made available for inspection by internal and external audit.

### **13.13 Access**

In concluding funding agreements with other persons pursuant to the exercise of the community facilities power, the Governing Body must ensure that such agreements contain adequate provision for access by the Authority to the records and other property of those persons held on the school premises, or held elsewhere insofar as they relate to the activity in question, in order for the Authority to satisfy itself as to the propriety of expenditure on the facilities in question.

## **Treatment of income and surpluses**

### **13.14 Retaining net income**

The school can retain all net income derived from community facilities except where otherwise agreed with a funding provider, whether that be the Authority or some other body.

### **13.15 Carrying forward retained net income**

Such retained net income can be carried over from one financial year to the next as a separate community activities surplus. Such surplus funds should usually be retained to provide a contingency fund to cover any deficit generated on community activities in any year or are sufficient to cover any winding up costs should the activity cease. If the community activities surplus funds are such that they are not all required as a contingency to cover any potential deficit generated or potential winding up costs, the Authority may agree with the school transferring up to the full value of the surplus to the schools account for a specific purpose.

Should the Authority close any community or community special school, any accumulated community activities surplus of the school reverts to the Authority unless otherwise agreed with a funding provider.

## **Treatment of deficits**

Any deficit must firstly be met from any accumulated community activities surplus and cannot be met from the school budget share unless such a purpose is prescribed by regulations made under s.50 (3) (b) of the 1998 Act.

If the accumulated community activities surplus is insufficient to cover any deficit this must be carried forward, if the business plan demonstrates that the deficit can be covered from future year's surpluses.

If the business plan demonstrates that the community activity is not viable long term the Governing Body are required to use any other funds under their control to cover the deficit. If this is still insufficient the Governing Body and the Authority should implement an action plan to cease any unviable community activity and the Governing body should formulate a recovery plan to recover any remaining deficit.

## **Health and Safety**

### **13.16 Health and safety**

The health and safety standards for community activities should be the same as those to any other activities undertaken at the school.

### **13.17 Disclosure and Barring checks**

The Governing Body must ensure that any adults involved in community activities have been cleared by the Disclosure and Barring Service (DBS) check and the cost of such clearance should be met by the community activities accounts or funding partner as part of an agreement with that partner.

## **Insurance**

### **13.18 Insurance**

The Governing Body must ensure adequate arrangements are made for insurance against risks arising from the exercise of the community facilities power, taking professional advice as necessary. Such insurance should not be funded from the school budget share. Instead of taking out insurance, a school may join the RPA for risks that are covered by the RPA.

### **13.19 Authority power to assess insurance arrangements**

The Governing Body must provide the Director of Children's Services with evidence that they have such insurance arrangements in place for community activities. The Director of Children's Services may also undertake their his/her own assessment of the insurance arrangements made by a school in respect of community activities, and if it judges those arrangements to be inadequate, make arrangements itself and charge the resultant cost to the schools community activities account. This provision ensures that the Authority can protect itself against possible third party claims.

## **Taxation**

### **13.20 Taxation**

The Governing Body should seek the advice of the Head of Finance and the local VAT office on any issues relating to the possible imposition of Value Added Tax on expenditure and income in connection with community facilities, including the use of the Authority VAT reclaim facility.

The Governing Body must abide with the requirements of the Scheme for Financing Schools in relation to all aspect of taxation (regulations under section 7 of the Scheme for Financing Schools).

### **13.21 Payment of income tax and National Insurance**

For any member of staff employed by the school or authority in connection with community facilities at the school is paid from funds held in a school's own bank account (whether a separate account is used for community facilities or not) the school is held liable for payment of income tax and National Insurance, in line with HM Revenue and Customs rules.

### **13.22 Construction Industry Scheme**

Schools should follow authority advice in relation to the Construction Industry Scheme where this is relevant to the exercise of the community facilities power.

## **Banking**

### **13.23 Separation of accounts**

Although it is necessary for the school to keep a separate financial account for community activities this does not necessitate community activities being held in a separate bank account.

### **13.24 Bank accounts**

Income from lettings of school premises should not normally be payable into voluntary or private funds held by the school.



## **Annex A: The funding framework**

The funding framework which replaces Local Management of Schools is set out in the legislative provisions in sections 45 to 53 of the School Standards and Framework Act 1998.

Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget, although at a minimum an authority must appropriate its entire dedicated schools grant to its schools budget.

The categories of expenditure which fall within the 2 budgets are prescribed under regulations made by the Secretary of State, but included within the 2, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items.

Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under section 45A of the act (the centrally retained expenditure).

The amounts to be deducted for these purposes are decided by the authority concerned, subject to any limits or conditions, including gaining the approval of their schools forum or the Secretary of State in certain instances, as prescribed by the Secretary of State.

The balance of the schools budget left after deduction of the centrally retained expenditure is termed the individual schools budget (ISB). Expenditure items in the non-schools education budget must be retained centrally, although earmarked allocations may be made to schools.

Authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school.

This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act.

The financial controls within which delegation works are set out in a scheme made by the authority in accordance with section 48 of the act and regulations made under that section.

All proposals to revise the scheme must be approved by the schools forum, though the authority may apply to the Secretary of State for approval in the event of the forum rejecting a proposal or approving it subject to modifications that are not acceptable to the authority.

Subject to any provision made by or under the scheme, governing bodies of schools may spend such amounts of their budget shares as they think fit for any purposes of their school and for any additional purposes prescribed by the Secretary of State in regulations made under section 50 of the Act.

Section 50 has been amended to provide that amounts spent by a governing body on providing community facilities or services under section 27 of the Education Act 2002 are

treated as if they were amounts spent for the purposes of the school (section 50(3A) of the act).

An authority may suspend a school's right to a delegated budget if the provisions of the authority's financial scheme, or rules applied by the scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily.

A school's right to a delegated budget share may also be suspended for other reasons, under schedule 17 to the act.

Each authority is obliged to publish each year a statement setting out details of its planned schools budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools; after each financial year the authority must publish a statement showing outturn expenditure.

The detailed publication requirements for financial statements are set out in directions issued by the Secretary of State.

A copy of each year's budget and outturn statement should be made easily accessible to all schools.

Regulations also require a local authority to publish their scheme and any revisions to it on a website accessible to the general public, by the date that any revisions come into force, together with a statement that the revised scheme comes into force on that date.

## **Annex B Responsibility for redundancy and premature retirement costs**

This guidance note summarises the position relating to the charging of voluntary early retirement and redundancy costs. It sets out what is specified in legislation and provides some examples of when it might be appropriate to charge an individual school's budget, the central Schools Budget or the local authority's non-Schools Budget.

Section 37 of the 2002 Education Act says:

4) costs incurred by the local education authority in respect of any premature retirement of a member of the staff of a maintained school shall be met from the school's budget share for one or more financial years except in so far as the authority agree with the governing body in writing (whether before or after the retirement occurs) that they shall not be so met

(5) costs incurred by the local education authority in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school shall not be met from the school's budget share for any financial year except in so far as the authority have good reason for deducting those costs, or any part of those costs, from that share.

(6) The fact that the authority have a policy precluding dismissal of their employees by reason of redundancy is not to be regarded as a good reason for the purposes of subsection (5); and in this subsection the reference to dismissal by reason of redundancy shall be read in accordance with section 139 of the Employment Rights Act 1996 (c. 18).

The default position, therefore, is that premature retirement costs must be charged to the school's delegated budget, while redundancy costs must be charged to the local authority's budget. In the former case, the local authority has to agree otherwise for costs to be centrally funded, while in the latter case, there has to be a good reason for it not to be centrally funded, and that cannot include having a no redundancy policy. Ultimately, it would be for the courts to decide what a good reason was, but the examples set out below indicate the situations in which exceptions to the default position might be taken.

### **Charge of dismissal/resignation costs to delegated school budget**

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school.
- If a school is otherwise acting outside the local authority's policy.
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit.
- Where staffing reductions arise from a deficit caused by factors within the school's control.
- Where the school has excess surplus balances and no agreed plan to use these.
- Where a school has refused to engage with the local authority's redeployment policy.

### **Charge of premature retirement costs to local authority non-schools budget**

- Where a school has a long-term reduction in pupil numbers and charging such costs to their budget would impact on standards.
- Where a school is closing, does not have sufficient balances to cover the costs and where the central Schools Budget does not have capacity to absorb the deficit.
- Where charging such costs to the school's budget would prevent the school from complying with a requirement to recover a licensed deficit within the agreed timescale.
- Where a school is in special measures, does not have excess balances and employment of the relevant staff is being/has been terminated as a result of local authority or government intervention to improve standards

### **Charge of redundancy costs to delegated school budget**

Examples set out below indicate the situations in which redundancy costs may be charged to a delegated school budget

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is otherwise acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit
- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy

Costs of early retirements or redundancies may only be charged to the central schools services block of the Schools Budget, as a historic commitment, where the expenditure is to be incurred as a result of decisions made before 1st April 2013. Costs may not exceed the amount budgeted in the previous financial year.

The local authority can retain a central budget within the Schools Budget to fund the costs of new early retirements or redundancies by a deduction from maintained school budgets (excluding nursery schools) only, where the relevant maintained school members of the schools forum agree.

It is important that the local authority discusses its policy with its Schools Forum. Although each case should be considered on its merits, this should be within an agreed framework. It may be reasonable to share costs in some cases, and some authorities operate a panel to adjudicate on applications.

A de-delegated contingency could be provided, if the Schools Forum agrees, to support individual schools where “a Governing Body has incurred expenditure which it would be unreasonable to expect them to meet from the school’s budget share”.

For staff employed under the community facilities power, the default position is that any costs must be met by the Governing Body, and can be funded from the school’s delegated budget if the Governing Body is satisfied that this will not interfere to a significant extent with the performance of any duties imposed on them by the Education Acts, including the requirement to conduct the school with a view to promoting high standards of educational achievement. Section 37 now states:

(7) Where a local education authority incur costs—

*(a) in respect of any premature retirement of any member of the staff of a maintained school who is employed for community purposes, or*

*(b) in respect of the dismissal, or for the purpose of securing the resignation, of any member of the staff of a maintained school who is employed for those purposes, they shall recover those costs from the Governing Body except in so far as the authority agrees with the Governing Body in writing (whether before or after the retirement, dismissal or resignation occurs) that they shall not be so recoverable.*

*(7A) Any amount payable by virtue of subsection (7) by the Governing Body of a maintained school in England to the local authority may be met by the Governing Body out of the school’s budget share for any funding period if and to the extent that the condition in subsection 7(B) is met.*

*(7B) The condition is that the Governing Body are satisfied that meeting the amount out of the school’s budget share will not to a significant extent interfere with the performance of any duty imposed on them by section 21(2) or by any other provision of the education Acts.*

*(8) Where a person is employed partly for community purposes and partly for other purposes, any payment or costs in respect of that person is to be apportioned between the two purposes; and the preceding provisions of this section shall apply separately to each part of the payment or costs.*

## **Annex C Application of scheme for financing schools to the community facilities power**

Schools which choose to exercise the power conferred by section 27 (1) of the Education Act 2002 to provide community facilities will be subject to controls. Regulations made under section 28 (2), if made, can specify activities which may not be undertaken at all under the main enabling power.

Section 88 of the Children and Families Act 2014, has removed the requirements in section 28(4) and section 28(5) of the Education Act 2002 for maintained schools in England. Under section 28(4) a school was obliged to consult its authority and under section 28(5) a school must have regard to advice or guidance from the Secretary of State or their local authority when offering this type of provision.

Under section 28(1), the main limitations and restrictions on the power will be those contained in the maintaining authority's scheme for financing schools made under section 48 of the School Standards and Framework Act 1998 as amended by paragraph 2 of Schedule 3 to the Education Act 2002.

This amendment extended the coverage of schemes to include the exercise of the powers of governing bodies to provide community facilities.

Schools are therefore subject to prohibitions, restrictions and limitations in the scheme for financing schools. This part of the scheme does not extend to joint-use agreements, transfer of control agreements, or agreements between the authority and schools to secure the provision of adult and community learning.

## Appendix 1 Schools list

Sector	Name
<b>Nursery</b>	
	Cookham Nursery
	Maidenhead Nursery
	The Lawns Nursery
<b>Primary</b>	
	Alexander First
	All Saints CE Junior
	Alwyn Infant And Nursery
	Boyne Hill Ce Infant
	Braywood CE First
	Cheapside CE Primary
	Cookham Dean CE Primary
	Cookham Rise Primary
	Courthouse Junior
	Eton Wick CE First
	Furze Platt Infant
	Furze Platt Junior
	Hilltop First
	Holy Trinity Cookham Primary
	Holy Trinity Sunningdale Primary
	Homer First
	Kings Court First
	Larchfield Primary & Nursery
	Oakfield First
	Oldfield Primary
	Riverside Primary
	South Ascot Village Primary
	St Edwards Catholic First
	St Michaels CE Primary
	The Queen Anne Royal CE
	The Royal (Crown Aided)
	Trinity St Stephen CE First
	Waltham St Lawrence Primary
	Wessex Primary
	Woodlands Park Primary
	Wraysbury Primary
<b>Middle &amp; Secondary</b>	
	St Edward's Royal Free Ecumenical Middle School
	Churchmead Church of England (VA)
<b>Special</b>	
	Manor Green

## Appendix 2 School borrowing

### Introduction

The School Standards and Framework Act 1998 allow schools to borrow if they have the permission of the Secretary of State.

### Definition

The type of financing arrangements, which would normally be classed as borrowing, is:

- Loans in the broadest sense, whereby lenders make available to the school a sum of money which the school uses for specific aims. The school repays the sum of money (the principal) usually at a price (the interest charges) over the term of the loan.
- Finance Leases, whereby the school acquires the use of an asset (e.g. a building or an item of equipment) from the supplier or lender over a specified period. At the end of the period, the school has paid the lender for the underlying cost of the asset plus interest charges,
- Certain types of Public Private Partnerships (PPP's) where the asset is deemed to be "on the balance sheet". Due to the longer term nature of PPP's, schools which enter into them should establish whether the commercial interest of their private sector partners constitutes a form of borrowing by the school – for example a finance Lease.

There are certain types of financing arrangements which for the purposes of this guidance would not normally be classified as borrowing – for example, where a local fair funding scheme permits an Authority to deal with an overspend on a school's budget share by advancing additional sums which are to be charged against future years budget shares. Other circumstances where the Department would not normally require the school to obtain permission before entering into a financial arrangement are:

- Where a Diocese spends money on behalf of a Voluntary Aided school, and the Department subsequently pays grant to the diocese under paragraph 5(1) (b) of Schedule 3 to the 1998 Act.
- Where an association such as a Parents' Association or Former Pupils' Association, takes out a loan to be repaid from its future fund raising, and donates the money to the school.
- Where a school takes credit as part of a supplier's standard trading terms.
- Certain types of Public Private Partnership.



## Appendix 3 Insurance

### Minimum levels of insurance (Schools)

If funds for insurance are delegated to any school, the local authority may require the school to demonstrate that its insurance cover under a policy, or policies, arranged by the Governing Body is relevant to the authority's insurable interests.

Whilst the authority cannot apply an arbitrary level of cover for all schools the authority recommends the following levels of indemnity as a minimum (@ May 2018):

	£
Material Damage (Property)	Reinstatement value of property
Business Interruption	2,000,000
Contract Works	250,000
Money	10,000
Fidelity Guarantee (Fraud)	500,000
Employers' Liability	25,000,000
Public Liability	35,000,000
Governors' Liability	5,000,000
Libel & Slander	1,000,000
Professional Indemnity	5,000,000
Personal Accident	Death & Capital Benefits £100,000
Engineering Inspection	Inspection of all plant required so by statute
Offsite Activity/Travel c	To cover both UK and non UK trips
Motor Insurance	For minibuses or other vehicles owned or leased in by the school (own damage plus third party)

## Appendix 4 Budget plan and monitoring and submission schedule

### Annual budget plan

The Authority will aim to provide to schools by the 28 February of the previous financial year indicative financial information on which schools can base their draft budgets and final/confirmed financial information by 31 March of the previous financial year.

Each school must submit as early as possible and no later than by the **31st May** of the relevant financial year a Standard School Budget Plan to the Head of Finance. The budget plan must be approved at a full Governing Body meeting, recorded as such, and signed by both the Headteacher and the Chair of Governors. Plans must be submitted in a form notified by the authority and in accordance with the Consistent Financial Reporting Framework.

The Standard School Budget Plan can be found at:

First Class - Education Finance/School Budget Documents/2020-21 Budget Files/Budget Plans 2020-21/ 2020-21 Budget Plan

### Budget monitoring reports

In order that the designated officer can fulfil their obligations under Section 151 of the Local Government Act 1972 to “make arrangements for the proper administration of their financial affairs” schools must provide Bursar Support with a copy of their budget monitoring report submitted to their Governing Body as per the dates set out below:

- 2nd Friday October
- 2nd Friday January

### Deficit budget

If a school considers they are likely to have to set a deficit budget they must notify the Director of Children’s Services by **30th April**. This will allow ongoing discussion between the school and the Authority in order to agree a recovery plan.

For the Authority to manage its responsibilities to “make arrangements for the proper administration of their financial affairs” (Section 151 of the Local Government Act 1972), a school may be required to provide further information to support their Standard School Budget Plan.

### 3 Year budget plans

The authority requires schools to submit a financial plan covering a 3 year period. These will be used as evidence to support the authority’s assessment of Schools Financial Value Standards and in support of the authority’s balance control mechanism. To be submitted to Bursar Support by

- 2<sup>nd</sup> Friday in July

The 3 Year Budget Plan can be found at:

First Class - Education Finance/School Budget Documents/2020-21 Budget Files/Budget Plans 2020-21/ 2020-21 Budget Plan/3 Year Plan 2020-23

## **Appendix 5 Supplementary information**

RBWM use thresholds of 5% of income for secondary schools, 8% of income for primary, nursery and special schools. The maximum level over which uncommitted reserves would be deemed excessive is 5% for secondary schools and 8% for primary, nursery and special schools.

The percentage is applied to annual income which is defined as income registered to CFR codes I01 to I18 inclusive. The final annual income as defined by the CFR income categories at the financial year end would determine the level of reserves. For example, annual income as at financial year end 2017/18 of £1,000,000 for a primary schools would deem the acceptable level of revenue carry forward (opening revenue balance for 2018/19) as £80,000 (excluding acceptable commitments).

Where schools wish to commit balances these should be to specific projects and ideally linked to the schools development plan. There should be an anticipated start date and project duration with appropriate costing information available. The authority would not expect to see commitments made to projects that did not relate to staff development and training, building maintenance and improvement, grounds maintenance and improvement, learning resources, ICT learning resources, administrative supplies or relate to a proposed revenue to capital transfer of funds. As capital cannot be transferred to revenue; school should refrain from transferring revenue to capital until required to do so within a project and transferring as a capital commitment should be avoided.

Schools should refrain from committing balances to projects year on year where the project has no clear start date. Governors should review proposals to commit balances to avoid the mechanism incorrectly effecting the threshold levels. Projects expected to start within the current financial year should have appropriate budgets allocated within the school budget without the need to create a commitment.

De minimis level £3,000.

### **Schools deficit process**

Schools should insure that they contact the Director of Children's Services and Head of Finance as early as possible where they believe they may potential need to set a deficit budget.

The Bursar Support Team will notify the appropriate local authority groups and act as liaison between the school and the local authority.

The School will be required to submit a formal detailed deficit recovery plan.

A formal sign off of all arrangements will be required by the Director of Childrens Service, Head of Finance and Governing Body. This will be completed within a reasonable timescale to enable budget planning and action to be taken by all parties as appropriate.

### **Deficit arrangements**

Deficit arrangements may only be permitted where budgets cannot be balanced in year without extreme significant damage to the curriculum.

The maximum period over which schools must balance their budget is normally three years.

### **EU contract thresholds**

Contract Thresholds at and above which UK Regulations apply.

### **As at 1 January 2018**

The financial thresholds are set out below. (All values exclude VAT).

	<b>SUPPLIES</b>		<b>SERVICES</b>		<b>WORK</b>	
	<b>£</b>	<b>Euro</b>	<b>£</b>	<b>Euro</b>	<b>£</b>	<b>Euro</b>
<b>Contract threshold</b>	118,133	144,000	118,133	144,000	4,551,413	5,548,000
<b>Prior Indicative Notices (PIN)</b>	615,278	750,000	615,278	750,000	4,551,413	5,548,000

## Appendix 6 Responsibility for revenue and capital maintenance & improvement

Capital/Revenue split - Illustrative examples in line with CIPFA code of practice.

### Roofs – Flat

#### Capital: as CIPFA code of practice (Schools)

Structure. New (not replacement) structure

Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Screed / insulation in a new building / extension

85 Screed / insulation. Replacement/repair of substantially all. Improve effectiveness of insulation

Finish on new build. Replacement of all/substantially all on existing roof

Edge trim/fascia on new building

Edge trim/fascia. Replacement of all/ substantially all on existing roof

Drainage on new building

Other e.g. flashings, rooflights on new building. Replacement of all/substantially all on existing roof

#### Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Replace small areas of rotten or defective timber, make good minor areas of spalling concrete where reinforcing bars exposed

Repair/replacement of screed/insulation where defective

Work to improve insulation standards, during work to repair/replace small areas of roof

Replacement of roof finish on existing building. Re-coating chippings to improve life expectancy

Repairs/replacement. (uPVC) Repainting

Repairs/replacement. (uPVC) Repainting

Clearing out gutters and downpipes. Replacement/repair/ repainting / individual gutters/pipes

Repair/replace/cleaning of individual items

## Roofs - Pitched

### Capital: as CIPFA code of practice

Structure. New (NOT replacement) structure

Structure. Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Insulation in a new building/extension

Insulation. Replacement/repair of substantially all. Improve insulation to current standards

Roof finish in a new building/extension, replacement of all/substantially all on existing roof

Bargeboards/fascias in a new building/extension, replacement of all/substantially all on existing roof

Drainage in a new building/extension

Drainage. Replacement of all/substantially all on existing roof

Other e.g. flashings, roof windows in a new building/extension, replacement of all/substantially all on existing roof

### Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Replace/repair small areas of rotten/defective joists, rafters, purlins etc.  
Not complete trusses

Repair/replacement/ increase thickness of insulation in an existing roof

Replace missing/damaged

Repairs/replacement/  
repainting

Clearing out gutters and downpipes Replacement/repair of individual pipes/gutters

Repair/Replacement  
/cleaning

### Roofs - Other

#### Capital: as CIPFA code of practice

Provide new covered link etc. between existing buildings  
Rebuild or substantially repair structure of existing covered link  
Add porch etc. to existing building  
Rebuild or substantially repair structure of existing porch

#### Revenue: Repairs and maintenance

Minor repairs, maintenance to existing covered link  
Minor repairs, maintenance to existing

### Floors - Ground floor

#### Capital: as CIPFA code of practice

Structure and dpc in new building  
Structure and dpc - Replacement of all or substantial part of an existing structure to prevent imminent or correct actual major failure of the structure

Screed and finish in new build, replacement of all/substantially all on existing floor - e.g. replacement of most carpets/tiles in a room

#### Revenue: Repairs and maintenance

Repair/replacement of small parts of an existing structure

Replacement and repair of screed and finishes/replacement of mats/matwells  
Maintenance e.g. revarnishing wooden floors

### Floors - Upper floors

#### Capital: as CIPFA code of practice

Structure - as ground floor

#### Revenue: Repairs and maintenance

As ground floor

Screed and finish - as ground floor

Repairs of finishes/Replacement - as ground floor

88



### **Ceiling – Top/only storey**

#### **Capital: as CIPFA code of practice**

Suspension

Membrane

Fixed

Access panels

#### **Revenue: Repairs and maintenance**

Repair/replacement includes. from water damage, & necessary decoration

Repair/replacement inc. from water damage

Repair/replacement

### **Ceiling – Lower storeys**

#### **Capital: as CIPFA code of practice**

Suspension

Membrane

Fixed

#### **Revenue: Repairs and maintenance**

Repair/replacement

Repair/replacement

### **Ceiling – All**

#### **Capital: as CIPFA code of practice**

#### **Revenue: Repairs and maintenance**

Inspection/air testing. Applying sealant coats to asbestos surface for protection

## External Walls – Masonry/cladding

### Capital: as CIPFA code of practice

Structure, Underpinning/propping for new build

External finish on new build

External finish on existing builds where needed to prevent imminent or correct actual major failure of the structure. e.g. repointing/recladding work affecting most of a building/replacement build

### Revenue: Repairs and maintenance

Repairs. Preventive measures e.g. tree removal

Repair/replacement of small parts of an existing structure, e.g. repointing/recladding a proportion of a wall where failure has occurred

## External Walls – Windows and doors

### Capital: as CIPFA code of practice

Framing - new build

Framing - structural replacement programme

Glazing - new build

Glazing, Upgrading existing glazing

Ironmongery, Improve security

Jointing including mastic joints

### Revenue: Repairs and maintenance

Repair/replacement of individual frames.  
Repainting frames

Repair/replacement of individual windows.  
Repainting frames

Replacing broken glass

Repair/replacement, upgrading locks etc.

Internal and external decorations to new build

Internal and external decoration to include cleaning down and preparation

### **External Walls – Masonry chimneys**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

Structure

Jointing including expansion and mortar joints/pointing/DPC

Repair/re-pointing

### **Internal Walls – Solid**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

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Complete including various internal finishes, linings and decorations

Repairs and redecoration to internal plaster/lining tiles, pin boards etc.

Refurbishment and alterations

Minor alterations

### **Internal Walls – Partitions**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

Complete structure including linings, framing, glazing, decoration etc

Repairs and redecoration

Refurbishment and alterations

Minor alterations

### **Internal Walls – Doors and Screens**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

Framing/screens/doors to new building including glazing,

Internal maintenance and redecoration. Repair/replacement of

ironmongery, jointing and internal decorations

defective doors and screens

### **Internal Walls – All**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

Glazing to meet statutory Health & Safety requirements

Replacement of broken glass

### **Sanitary Services - Lavatories**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

In new buildings provision of all toilet fittings, waste plumbing and internal drainage

Repair/replacement of damaged sanitary ware, fittings, waste plumbing etc

Small areas of refurbishment

Repair/replacement of damaged fittings, waste plumbing etc

### **Sanitary Services - Kitchens**

**Capital: as CIPFA code of practice**

**Revenue: Repairs and maintenance**

Kitchens in new buildings complete with fittings, equipment, waste plumbing and internal drainage. Internal finishes and decorations

Maintain kitchen to requirements of Authority. Cleaning out drainage systems. Redecoration

General refurbishment

Repairs

Large and costly items of equipment

Repairs/replacement parts

### Mechanical Services – Heating/Hot Water

#### Capital: as CIPFA code of practice

Complete heating and hot water systems to new projects including fuel, storage, controls, distribution, flues etc

Safe removal of old/damaged asbestos boiler and pipework insulation where it is a risk to Health and Safety

Planned replacement of old boilers/control systems past the end of their useful life

Emergency replacement of boiler plant/systems.

#### Revenue: Repairs and maintenance

General maintenance of all boiler house plant including replacement of defective parts. Regular cleaning. Energy saving projects

Monitoring systems. Health and safety issues

Replacement of defective parts

63

### Mechanical Services – Cold water

#### Capital: as CIPFA code of practice

Provision of cold water services, storage tanks, distribution, boosters, hose reels etc in major projects

#### Revenue: Repairs and maintenance

Maintenance and repair/replacement of defective parts such as servicing pipes. Annual servicing of cold water tanks

### Mechanical Services – Gas

#### Capital: as CIPFA code of practice

Distribution on new and major refurbishments, terminal units

#### Revenue: Repairs and maintenance

Repairs, maintenance and gas safety. All servicing

### Mechanical Services – Ventilation

#### Capital: as CIPFA code of practice

#### Revenue: Repairs and maintenance

Mechanical ventilation/air conditioning to major projects.

Provision of local ventilation Repair/replacement of defective systems and units

### **Mechanical Services – Other**

#### **Capital: as CIPFA code of practice**

Swimming pool plant and its complete installation, including heat recovery systems

#### **Revenue: Repairs and maintenance**

Repair/replacement of parts to plant pumps and controls. Water treatment equipment and all distribution pipework. Simple heat recovery systems. Solar heating plant and equipment

### **Electrical Services – General**

#### **Capital: as CIPFA code of practice**

Main switchgear and distribution in major projects

#### **Revenue: Repairs and maintenance**

Testing/replacement of distribution boards. The repair and maintenance of all switchgear and interconnecting cables including that in temporary buildings

Replacement of obsolete and dangerous wiring systems, including distribution boards

All testing, earthing and bonding to meet Health and Safety. All servicing

### **Electrical Services – Power**

#### **Capital: as CIPFA code of practice**

Control gear, distribution, fixed equipment, protection etc

#### **Revenue: Repairs and maintenance**

All testing, repair and replacement of small items of equipment

### **Electrical Services – Lighting**

#### **Capital: as CIPFA code of practice**

Provision of luminaires and emergency

#### **Revenue: Repairs and maintenance**

Replacement of luminaires, all testing, adjustments and

improvements to emergency

### **Electrical Services – Other**

#### **Capital: as CIPFA code of practice**

Lighting protection in new buildings

Alarm systems, CCTV, lifts/hoists etc

New installation of communication systems, radio/TV, call, telephone, data transmission, IT etc and provision in new buildings

#### **Revenue: Repairs and maintenance**

Repair/replacement

Repair and maintenance

Repair/replacement/ maintenance, including all door access systems

### **External Works – Paving**

#### **95 Capital: as CIPFA code of practice**

Provision of new roads, car parks, paths, courts, terraces, play pitches, steps and handrails, as part of major project, including disabled access

#### **Revenue: Repairs and maintenance**

Maintenance and repair. Car park and playground markings

### **External Works – Miscellaneous**

#### **Capital: as CIPFA code of practice**

Provision of walls, fencing, gates and ancillary buildings as apart of major project

#### **Revenue: Repairs and maintenance**

Maintenance and repair of all perimeter/boundary /retaining walls, fencing and gates.

### **External Works – Drainage**

#### **Capital: as CIPFA code of practice**

Drains, soakaways, inspection chambers and sewage plant as part of new projects

#### **Revenue: Repairs and maintenance**

Maintenance and repair of drains, gullies, grease traps and manholes between buildings and main sewers. Cleaning of the

above and unblocking as necessary

**External Works – Open air pools**

**Capital: as CIPFA code of practice**

Structure, hygiene/safety in new build

**Revenue: Repairs and maintenance**

Hygiene, cleaning, maintenance and repairs including replacement parts. Simple energy saving systems

**External Works – Services distribution**

**Capital: as CIPFA code of practice**

Heating mains, gas mains, water mains, electricity mains, renewal of any of the above

**Revenue: Repairs and maintenance**

Annual servicing