

**Lambeth Schools Forum Agenda**  
**4-6pm Thursday 10<sup>th</sup> October 2024 (via Teams)**

1.	Welcome & Apologies	Chair
2.	Membership, Register of Interests and Declaration of Interests	Chair
3.	Minutes from the Schools Forum meeting held 19 <sup>th</sup> June 2024 and matters arising	Chair
4.	DSG Update and Schools Block	Dominique Johnston-Franklin
5.	Central School Services block - De-delegated Services and Education Functions Proposals for 2025-26	Dominique Johnston-Franklin
6.	Early Years Block	Kathryn Shaw
7.	High Needs Block	Adam Yarnold
8.	School Places Strategy – Verbal update	Abrilli Phillip
9.	Scheme for Financing Schools	Dominique Johnston-Franklin
10.	Update on Lambeth Schools Partnership (LSP)	Gerald Mehrtens
11.	Any other business	Chair
12.	Proposed dates of next meetings: <ul style="list-style-type: none"> <li>21st November 2024 – 4-6pm - Provisional Date depending on late announcements on funding</li> <li>12th December 2024 - 4-6pm</li> <li>15<sup>th</sup> January 2025 – 4-6pm</li> <li>19<sup>th</sup> June 2025 – 4-6pm</li> </ul>	Chair

## Forward Plan for Schools Forum (Academic Year2024/25) Summary

Item	21 <sup>st</sup> November 2024	12 <sup>th</sup> December 2024	15 <sup>th</sup> January 2025	19 <sup>th</sup> June 2025
Election of Chair / Vice-Chair				✓
Standing items (membership issues, declaration of interests, minutes of last meeting, matters arising, AOB etc)	✓	✓	✓	✓
DSG Update and Forecast	✓	✓	✓	✓
Schools Block	✓	✓	✓	✓
Central School Services Block	✓	✓	✓	
De-delegated services and Education Functions	✓	✓	✓	
Early Years Block – Update	✓	✓	✓	✓
High Needs Block – Update	✓	✓	✓	✓
Licensed Deficits		✓		
School Places Strategy				
Scheme for Financing Schools				
Updates on HR issues (eg TTO, Annual Leave)				✓
Major contracts affecting all schools				✓
Other Topics	TBC			



## LONDON BOROUGH OF LAMBETH SCHOOLS' FORUM

Draft minutes of the meeting of the Schools' Forum held remotely on Wednesday 19<sup>th</sup> June 2024 at 4:00pm

### School Forum Members:

<u>Schools:</u>	<b>Present, Apologies, Absent</b>	<u>Schools:</u>	<b>Present, Apologies, Absent</b>
Alison Moller (AM) Julian's Primary School ( <b>Chair</b> )	Present	Joanna Tarrant (JT) Elm Court	Apologies
Melanie Miah (MM) Lambeth Nursery Schools' Federation – Rep	Present	Coral Hayes Ruskin House School	Absent
Jayne Mitchell (JM) St. Andrew's Primary	Present	Michael Holland (MH) Sunnyhill Primary	Apologies
Martyn O'Donnell (MOD) (PCA)	Absent	Gay Wenban-Smith (GWS) Henry Cavendish Primary School	Present
Humaira Saleem (HS) Iqra	Present	Eleanor Donegan (ED) Woodmansterne School	Present
Andrew Chaplin (AC) Walnut Tree Walk Primary School ( <b>Vice-Chair</b> )	Present	Tom Prestwich Jubilee Primary School	Present
Nicole Lyon Holy Trinity Primary School	Present		
<u>Officers:</u>	<b>Present</b>	<u>Observers:</u>	<b>Present</b>
Abrilli Philips (AP) Director – ELS	Present	Sara Tomlinson (ST) NUT/NEU	Present
Kathryn Shaw (KS) School Quality Improvement Lead	Present	Christine Golding (CG) GMB Union	Present
Bunmi Idowu (BI) Early Years	Present	Andrew Tullis (AT) Unison Union	Present
Dominique Johnston- (DJF) Franklin - Finance	Apologies	Ryan Foster (RF) NASUWT Union	Absent

Yoke Ying Kong (YYK) (Education Finance Advisor)	Present	Brian Hazell (BH) NAHT Union	Present
Mark Whiffin (MW)- Finance	Present	Lorna Burg (LB) Henry Cavendish	Present
Cllr Judith Cavanagh	Apologies	Christopher Gyton (CG) Finance	Absent
Cllr Ben Kind	Present	Kevin McCully SEND Accountant	Absent
Claire Cobbold (CC) – HR	Present	Debbie Johnston	Absent
Gerald Mehrtens (GM) - Interim Assistant Director Standards, Safeguarding and Partnerships	Present	Monique Bertrand Assistant Director Standards, Safeguarding and Partnerships	Present
Sophie Garner (SG) Assistant Director Education Strategy, Access and Inclusion	Present	Adam Yarnold Lead, Special Education Needs & Disability	Present

**SF Clerk:** Maria Gabrielczyk (MGab) [mgabrielczyk@lambeth.gov.uk](mailto:mgabrielczyk@lambeth.gov.uk)

## MINUTES

### 1. Welcome & Apologies

The Chair welcomed everyone to the meeting and confirmed it was quorate.

Apologies were received and accepted from Michael Holland, Joanna Tarrant, Cllr Cavanagh and Dominique Johnston-Franklin.

### 2. Membership, Register of Interests and Declaration of Business Interests

Terms of Office are coming to an end for Andrew Chaplin, Gay Wenban-Smith and Eleanor Donegan. All 3 Members were happy to stand for a second term. All 3 Members were **re-appointed**.

Joanna Tarrant's term of office is coming to an end and Joanna has informed that she will not be standing again. This leaves a Special School vacancy.

There are now the following vacancies: 1 Primary, 3 Secondary, 1 Special School Headteacher and 2 Governor vacancies. MG will advertise the vacancies. **ACTION: MG**

### 3. Minutes from the Schools Forum meeting held on 11<sup>th</sup> January 2024 and matters arising

The minutes were **agreed** as a true and accurate record of the meeting and signed by the Chair.

There were no actions from the Minutes.

#### 4. **DSG Outturn 2023 - 2024**

The paper was for information.

The reporting for the 2023-2024 financial year has been completed.

The C/F balance is £7.736m of which the Schools Block is £918K. There are plans being developed for redistribution of the money and this will be reported on in the SF October meeting.

The EY Block c/f is £1.135m. Pupil numbers are reducing and there are pressures in that area, so it was noted that this provides some contingency going forward.

The HNB has a c/f of £5.639m. The in-year underspend in year had increased for a number of reasons to £4.66m. The underspend will reduce during 2024-25 with budgeted plans for £2.8m of the carry forward. This remains a volatile budget and the balance also provides some contingency going forward.

Schools Forum Members:

**Noted** and **commented** on the content.

#### 5. **Lambeth Schools Balances**

Table 1 shows the maintained schools, reflecting their year end position as at 31st March 2024.

The total outturn balances were £16.092m. There were 18 schools in deficit with a total deficit balance of £6.387m.

The position has got slightly worse around deficit balances in schools. Lambeth is working with schools with deficit budgets. The ESFA indicates that nursery, primary and special schools should be aiming to hold a balance within around 8% of their income, and 5% for secondary schools. It was noted that 30 schools have balances over these levels.

**Q.** Is there any talk of taking the “excessive” money away?

**A.** LBL are not planning to do so at the moment. It was noted a lot of lead in time to the process would be needed to first understand if the balances were eg committed due to projects etc that may be taking place in schools.

Schools Forum Members:

**Noted** and **commented** on the content.

#### 6. **High Needs Update**

Continued focus on early intervention and the three thresholds approach which includes children and young people with behaviour that challenges and required SEND support. Both pathways offer support from our Exceptional Needs Grant (ENG) Pilot which is in place and over 70% of schools have applied. The pilot will continue and be reviewed with clear

measures. The placement panel is also in place to secure prompt and timely response to change of placement requests. There are nearly 200 cases with families looking for specialist places and the placement panel was set up to resolve the issues quickly. It has already successfully reduced the number from 200 to 73 but this area remains a potential risk to the High Needs budget if we do not have sufficient places at our maintained special schools, so have to consider more expensive independent options.

The surplus in the HN budget is extremely volatile eg due to cases being taken to tribunal. In some cases, it has cost a total of £100K for independent settings or Education Other Than At School (EOTAS).

**Q.** Why was the decision made to raise the funding by 2.5% for mainstream and 3% for others as this would not cover the costs of a LSA? A full-time TA costs £30K.

**A.** This issue is being scoped and work is being carried out with schools and the High Needs Sub Group. The current challenge is agencies are naming their prices but we compared the banding to other LA's such as Lewisham and Southwark. Requests for additional support have been looked at to provide bespoke support to support a child or young person to remain in mainstream settings. A HN subgroup is in place and is looking at tackling the TA costs. The subgroup will meet again in October to review TA costs and AY will report back at the next SF meeting. ACTION: AY

The Resource Bases currently only offer places for EHCP children and young people, but we are considering assessment places.

**Q.** The Exceptional needs grant is there for early intervention. How often are the applications open?

**A.** They are open every 2 weeks for SEND support and if the behaviour is challenging, then the meetings are weekly. This is communicated through the SENCO networks and the Secondary Inclusion Panel.

The LA is trialing SEMH places with the new SEMH resource bases. SENCOs and HTs will receive further information.

**Q.** With the exceptional needs grant, are there plans to expand the funding from Yr1 to Yr6?

**A.** There is a budget to continue it as it is a pilot. The funding is for a year. It will also carry over from Yr6 to Yr7. It will be reviewed in July. With funding for Yrs1-6 it will provide stability to invest in staff or resources.

Cllr Kind raised the issue of disparity, with funding coming from the central government level and not local level. His view was that it should be around what school leaders want and what Lambeth needs.

The reason that Lambeth can pilot the scheme is due to the surplus in the DSG. The drive for EHCPs is highest in Lambeth.

Schools Forum Members:

**Noted** and **commented** on the content.

## 7. Early Years Update

The paper was for information.

The expected final position on the 2023-2024 budget will be in July. Based on the 5/12<sup>th</sup> of the Spring budget census and the 7/12<sup>th</sup> January census an underspend is anticipated. Table 1a shows the funding profile based on the budget. Table 1b shows the outturn.

In September 2023 a grant of £754K was received to uplift the rate, of which £640K was distributed. When the final figure is out in July, after the claw back, then a decision will be made on how to use the underspend. It will be discussed with the EY subgroup. It is currently there as a contingency.

Table 2 shows the current budget allocation for this year (2024-2025). The figure is based on the census in January 2024. It did not include the roll out of the 15hrs per week for 2 year olds. There will be a 5% retention from the budget to support internal spends.

Operationally EY is busy, due to the expansion of the EY entitlement. From April 24 parents of 2 year olds receive 15hrs of free childcare. The take up has been favourable and it is expected to increase. It has been promoted in briefings and the Lambeth County Show.

Child minders are taking up the funding of 2 year olds places. From September 2024 there will be 15hrs of free childcare for children from 9months. Planning is taking place based on supply and demand. Planning is also taking place for September 2025 for the rollout of free childcare of 30hrs for all working parents with children from the age of 9 months.

The risks remain the same with a downward trend of birth rate and funding of places. There are also recruitment issues, the ability for providers to take on extra places if they do not have the staff. The recruitment needs to improve, as it is a case of supply versus demand.

There will be wraparound childcare from September 2025 in primary schools. The offer will be for breakfast and after school clubs term time only from Reception to Yr6.

KS thanked her EY team for all the work done to date.

Schools Forum Members:

**Noted** and **commented** on the content.

## 8. Dedelegation Trade Union Facilities Agreement (TUFA) agreement

The paper is for information only.

In January 2024, SF had discussed the TUFA and agreed an increase per pupil. Clarity around that had been requested.

Sara (NUT/NEU rep) informed that Abrilli meets with the unions on a fortnightly basis. The fees for the union go into a national pot, which is used when support for individual staff is required.

The unions support schools and it saves school time and money, to support staff. They are able to resolve issues before they escalate. A working group has been set up to draft and re-draft the policy.



Sara will be retiring at the end of this academic year and Diane Wilkinson will be taking over. Lambeth and the unions have good industrial relations, good working conditions, good ways of talking to each other with open channels for discussions on H&S.

Brian added that with pupil place planning, schools could be amalgamating and closing, so Headteachers and staff would in that instance need a lot of support and reassurance.

The union contributions underpin productive working relationship across Lambeth. It pays for the support at local level.

The working party are pulling together a draft and the feedback on TUFA will be shared with union reps and it will come back to SF.

The TUFA needs to go out to all Headteachers so that they are all clear what the money is paying for. Abrilli will speak to Claire Cobbold regarding disseminating the information.

**ACTION: AP/CC**

Schools Forum Members:

**Noted** and **commented** on the content.

A new TUFA Policy will be reviewed and agreed for 2025/2026.

The Chair thanked Sara for her contribution to the SF and wished her a happy retirement.

**9. Election for Chair and Vice-Chair**

Alison Moller was nominated (AC) and seconded (ED) for Chair.

Andrew Chaplin was nominated (AP) and seconded (AM) for Vice-Chair.

**10. AOB**

There were no items for AOB.

**11. Future Meeting Dates**

The following meeting dates were agreed for the next academic year:

- **10<sup>th</sup> October 2024 – 4-6pm**
- **12<sup>th</sup> December 2024 – 4-6pm**

There being no further business to discuss, the Chair closed the meeting at 5pm.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**Alison Moller**  
**Chair of the School Forum**

#### Agenda Item 4

**Title:** DSG Update and Schools Block  
**Date:** 10th October 2024  
**Report to:** Schools Forum  
**Report for:** Information x Decision/Consultation/Action  
**Author:** Dominique Johnston -Franklin – Group Manger -Education

### 1. Background

This report provides an update on the DSG for 2024/25. It also sets out the position of the intentions for 2025/26 noting that the funding settlements are still to be announced.

### 2. DSG 2024/25

- 2.1 The ESFA refreshed the 2024/25 DSG to take account of January 2024 early years census as well as high needs changes. There has been a net decrease of £1.419 in 2024/25 DSG funding as a result. The differences are explained in **Table 1** below.

**Table 1: Changes to the previously reported DSG Funding 2024/25**

Block	DSG 2024/25 (At March 2024 Allocation) £'000	DSG 2024/25 (Updated July 2024) £'000	Difference £'000	Comment
Schools Block	-232,023	-232,023	0	No change.
Central School Services Block	-1,322	-1,322	0	No change.
Early Years Block	-37,365	-36,300	1,065	Net reduction based on falling pupil numbers
High Needs Block	-67,434	-67,080	354	Decrease due to updated Import/ export adjustment.
<b>Total</b>	<b>-338,144</b>	<b>-336,725</b>	<b>1,419</b>	

- 2.2 There is a decrease of £1.065m in the Early Years Block as it has now been updated with the January 2024 census, rather than the January 2023 census used for the previous allocation. This will continue to be a risk as, although there has been an expansion of the EY block settlement overall, the falling pupil numbers will continue to show a reduction in allocations from initial projections due to the lag in data.
- 2.3 There is an decrease of £0.354m in the High Needs Block due to updated import and export adjustment (based on January 2024 school census and February R06 2023/24 individualised learner record). The finance team is continuing to review this process as we currently need

to identify all imports in special schools to ensure there is not a net disadvantage for funding recoupment.

- 2.4 **Table 2** sets out the current summary forecast position for each block for 2024-25. Explanations about the position in each of the four blocks and the associated risks then follow.

**Table 2: Summary forecast spend against funding by DSG block 2024/25 (Period 6)**

Block	2023/24 b/f balances £'000	DSG Funding / Budget 2024/25 £'000	Forecast net LA spend 2023/24 (P06) £'000	In-year variance £'000	2024-25 Forecast c/f balances £'000
Schools Block (not NNDR)	-919	-150,998	148,307	-2,691	-3,610
Central School Services Block		-1,322	1,322	0	0
Early Years Block	-1,135	-36,300	36,300	0	-1,135
High Needs Block	-5,636	-62,759	65,600	2,841	-2,795
De-delegated budgets	-44	0	44	44	0
<b>DSG managed by LA</b>	<b>-7,734</b>	<b>-251,379</b>	<b>251,573</b>	<b>194</b>	<b>-7,540</b>
Deductions for ESFA payments to billing authorities for NNDR	0	-4,492	4,492	0	0
Schools Block recoupment by ESFA	0	-76,532	76,532	0	0
High Needs Block recoupment by ESFA	0	-4,326	4,326	0	0
DSG held or recouped by ESFA	0	-85,350	85,350	0	0
<b>Total Lambeth DSG</b>	<b>-7,734</b>	<b>-336,729</b>	<b>336,923</b>	<b>194</b>	<b>-7,540</b>

- 2.5 **Schools Block.** The funding for the Schools Block has been allocated in accordance with the Authority Proforma Tool (APT) exercise on the mainstream schools funding formula in January 2024. The DSG position has been accounted for in gross terms, but the LA only disburses funds directly to maintained schools; the ESFA deducts (recoups) funding from the DSG to provide funding for academies and sixth form High Needs provision more directly.
- 2.6 The Falling Pupil roll fund of £2.61m allocated for 2024-25 in the expectation this would be distributed through analysis of the SCAP data to fall in line with the mandatory criteria. This will not be distributed in year, but is currently being reviewed via disapplication requests for 2024-25 or 2025-26 to earmark funds to distribute back within the DSG formula funding.
- 2.7 **Central School Services Block.** There is no expected variance in this block. Spending on Central School Services Block items such as Admissions, School Licenses, Schools Forum, Education Functions and Statutory Responsibilities is contained within the available funding.
- 2.8 **Early Years Block.** There is no expected variance in this block. The brought forward underspend of £1.135m continues to be earmarked for contingency fund and is expected to support any large fluctuations in pupil number reductions in summer term of 2024-25. It is important to note that this block is allocated on the January census of the previous year. This therefore means that when the Early Years team plan for delivery within the 5% retention

allowed, there is a risk throughout the year that reductions in pupil numbers impact the initial budget plans.

- 2.9 **High Needs Block.** The plan was to use £2.8m of reserve to support SEND inclusion work across the service. It is currently supporting the Exceptional Needs Grant and onboarding Area SENCOs / Family support workers. The current projections for this block is breakeven, but as in previous years the lag in analysis and data sometimes shows large decreases in spend by Q3. Once all of the October Census data is refreshed and inflationary provisions are removed from the forecast, the position will be clearer expected for the December forum.
- 2.10 **De-delegated Budgets.** The Vulnerable Schools Fund is no longer being topped-up with DSG funding, and the carry forward will be fully spent in 2024-25. As part of the School's Block subgroup there will be a review of all de-delegated items and if this fund is required to be reestablished for future schools' support.
- 2.11 **Overall.** The DSG brought forward a surplus of £7.7m into 2024-25 and is anticipated to continue into 2025-26. Depending on the process for disapplication to use the £2.6m falling pupil rolls fund on 2024-25 funding, it may reduce to £5.1m. If this process is not agreed, the LA will explore options to distribute it in 2025-26.

### 3. DSG 2025-26

- 3.1 The Education and Skills Funding Agency (ESFA) confirmed in July 2024 that due to the timing of the general election, the department would not be in a position to publish indicative schools and high needs national funding formula (NFF) allocations for 2025 to 2026 to the usual timescales in July.
- 3.2 This is because across government, budgets for 2025 to 2026 are still to be agreed including the 2025 to 2026 schools' budget. The ESFA confirmed as part of this update that the annual cycle will differ from previous years and the new timescales will be confirmed following decisions on the core schools budget settlement for 2025 to 2026.
- 3.3 The LA are awaiting further confirmation on the new timescales and operational guides outlining the funding arrangements moving forward. In light of this for Lambeth, the same methodology used in previous years will therefore be applied in 2025/26 wherever possible to calculate a draft school and DSG budget. This approach assumes no significant changes and will be subject to affordability and the final announcement.
- 3.4 The key areas for Schools Block to note are that:
- The National Funding Formula (NFF) rates will be applied to all formula factors in the Lambeth schools' formula.
  - The Basic Entitlement rate will be adjusted to address any affordability gaps, where necessary.
  - Minimum Funding Guarantee – the MFG will be set at the lowest permitted level assumed at 0.5%.
  - Notional SEN budgets – will be calculated on the same basis as 2024/25.
  - De-delegated services – as outlined in the separate paper.

- CSSB budgets – proposals as outlined in separate paper subject to confirmation of the 2025/26 school funding arrangements.
- DSG block transfers – proposals to continue to transfer 0.5% funding from the school's block to the high needs block will be considered at a future meeting, subject to confirmation of the 2025/26 school funding arrangements.
- Split site funding – the NFF approach and unit rates for basic eligibility funding and distance funding will be applied.
- A consideration to disapplication request regarding an exceptional needs factor will be reviewed to re distribute Schools block underspend in 2024-25 to all schools in 2025-26.

3.5 For the High Needs block, the national funding formula will allocate support for all the commitments in the delivery of the SEND strategy. The intention will be to continue to transfer 0.5% to the HNB from School's block or explore a disapplication to increase allocation for Exceptional Needs Grant. Growth will be allocated to supporting demand-led delivery to high needs placements and provision in line with 2024-25 budget plans.

3.6 For Early Years Block – these budget rates are normally agreed in January forum and will be updated as part of a subgroup and consultation on funding for the sector.

3.7 Schools forum should note that the delay in announcement has created higher risk timescales for calculating the draft school budget allocations and finalising the APT. This is always a challenge, but there is additional capacity pressure in the absence of an indicative funding allocation, which would have previously been announced in the summer together with the regulations and guidance.

#### **4. Recommendations.**

4.1 **This is an information item and Schools Forum is invited to note and comment on the contents.**

## Agenda Item 5

**Title:** Central School Services block - De-delegated Services and Education Functions Proposals for 2025-26

**Date:** 10<sup>th</sup> October 2024

**Report to:** Schools Forum

**Report for:** Information      Decision      Consultation **x**  
Action

**Authors:** Dominique Johnston-Franklin – Group Manager Education Finance

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### 1 Central School Services Block

- 1.1 The Central School Services Block (CSSB) is relatively small for Lambeth, compared to other London Authorities. The LA are still awaiting Government indicative settlements for 2025-26, but it is expected that Lambeth will continue to receive the smallest allocation for Inner London compared to other London boroughs. Other London boroughs are benefiting from funding for historic commitments that are now being unwound. Lambeth was never funded for these, so will not experience that reduction.
- 1.2 This low level of resource has put pressure on the LA in being able to afford the range of statutory, regulatory and other functions that an education authority must provide to all schools. The current list of services is funded by way of a formulaic allocation based on a per pupil amount (£43.61) multiplied by the number of primary and secondary school pupils used in the Schools Block. For 2024-25 this equated to £1.365m.
- 1.3 The LA are still awaiting update from DfE on funding settlements for 2025-26, but the intention is to continue with the breakdown as demonstrated in **Table 1**, with inflationary uplift and adjustment for any reduction in pupil rolls.

**Table 1: Allocation of CSSB proposed for 2025-26, plus any inflation received**

Component	2025-26 Proposed Allocation As per 2024-25 and will be adjusted to reflect Settlement £'000
Statutory and Regulatory	195.88
Education Welfare	250.94
Asset Management	69.07
Admissions	548.47
School Licenses	190.59
Schools Forum	31.76
Teachers Pay and Pension funding for centrally employed teachers	78.35
<b>Total</b>	<b>1,365.06</b>

## 2 De-Delegated Items 2025-26

2.1 At Schools Forum in December 2023, it was agreed for schools to pool funding for particular services and functions for:

- **Trade Union Facilities Arrangement (TUFA)** (de-delegation within the mainstream funding formula for maintained primary/ secondary only)
- **Additional School Improvement Services** (de-delegation within the mainstream funding formula from 2023/24 for primary/ secondary schools).
- **Education Support** (treated as de-delegation in the mainstream funding formula for maintained primary/ secondary schools, but also applying to special schools).

2.2 **Table 2** summarises the composition of the contribution per pupil/ place for 2024/25.

**Table 2: Maintained school contribution for De-delegation and Education Functions 2024-25**

Component	Total mainstream maintained pupils	£ per mainstream pupil	Total Special / RB maintained places	£ per Special / RB place	Total funding for LA £'000
<b>1. De-delegation: Trade Union Facilities Arrangement (TUFA)</b>	21,628	<b>£5.48</b>			<b>£118</b>
<b>2. De-delegation: Additional School Improvement Services</b>	21,628	<b>£7.25</b>			<b>£156</b>
<b>Education Functions: Statutory &amp; Regulatory Duties</b>	21,628	£11.00	831	£22.00	£256
<b>Education Functions: Compliance Monitoring</b>		£11.00		£22.00	£256
<b>3. Total Education Functions</b>		<b>£22.00</b>		<b>£44.00</b>	<b>£512</b>

2.3 The intention for 2025-26 is for the LA to continue with the principles set out in **Table 2** for the following functions:

**Trade Union Facilities Agreement (continue as 2024-25 Principle)** This funding is used to compensate those maintained schools that have trade union representatives in their staff in order to release these staff members for an agreed period of time to attend to trade union duties that they carry out on behalf of all maintained schools.

The purpose of the TUFA agreement is to provide a framework agreement between Lambeth Council, its community of schools which includes foundation, academies and voluntary controlled, and the recognised trade unions. Its aim is to facilitate, improve and provide a

constructive framework for consultation and industrial relations with the Council and within individual schools.

**Additional Schools Improvement (continue as 2024-25 Principle)** This funding is used to pay for certain specific functions that the local authority continues to undertake on behalf of maintained schools. The amount of funding that schools contribute to these functions does not cover the full cost of these activities and there are contributions additionally provided by the LA.

**Education Functions (continue as 2024-25 Principle)** Lambeth continues to see on going pressure within the education service and the Educations functions de-delegation supports the delivery of Statutory and regulatory duties.

- **Free school meals eligibility** for 2025-26, there is a proposal to consult schools on the addition of the de-delegation of current FSM checking service, which is currently delivered via the LA's Research and Statistics team. Schools currently purchase this service directly from the LA, but there has been work with the LA's Cost-of-Living team to also identify families who are not currently defined as FSM in schools' budgets, but who are eligible.

2.4 This exercise that the Cost-of-Living team has been reviewing over the past 2 years has supported additional funding in schools' budgets via the identification of FSM pupils which then enables schools to access Pupil Premium – deprivation elements within the budgets.

2.5 The intention is to set a rate based on current roll against current numbers, and the per pupil rates will be published as per the consultation documents in November 2024.

### 3. Recommendations

3.1 **Maintained primary and secondary school representatives** are invited to agree in principle the rationale - with the rates to be consulted on once we have the funding announcement and the de-delegation recommendations.

3.2 **Maintained primary, secondary, all-through and special school** representatives are invited to agree in principle to continue to de-delegate for Education Functions for 5–16-year-olds in 2025-26, to be adjusted as per funding announcements.

3.3 **Maintained primary and secondary school representatives** are invited to agree to consult on the FSM de-delegation element for the 2025-26 formula.



## Agenda Item 6

**Title:** Early Years Update

**Date:** 10<sup>th</sup> October 2024

**Report to:** Schools Forum

**Report for:** Information X      Decision      Consultation      Action

**Author:** Kathryn Shaw - Early Years and Out of School Quality Improvement Lead

### **1 Purpose of this paper**

- 1.1 This paper provides an update on the current position of the Early Years Block for 2024-25 and confirms the final 2023-24 DfE allocation and outturn position for the Early Years Block DSG and Early Years Supplementary Grant now that the Department for Education (DfE) have confirmed the clawback amounts based on the January 2024 census headcounts.

### **2 Outturn 2023-24**

- 2.1 The DfE confirmed the final position of the Early Years Block of the DSG 2023-24 in July 2024. As highlighted in previous forums, the adjustment to determine the final position was based on the Early Years Spring census headcounts, apportioned as 5/12ths Jan 23 and 7/12ths Jan 24. **Table 1** shows the net decrease to the Block of £427k, in line with expectations.
- 2.2 The current trend of participation demonstrates a continued decline in headcount across all entitlement categories year-on-year, in line with expectations. There was an underspend of £185k in the Early years block for 2023-24 based on a combination of factors, including assumed DfE clawback levels. The EY funding profile of income has been adjusted as per **Table 1** and the outturn position can be seen in **Table 2**.

**Table 1: Final 2023-24 Early Years Block DSG Allocation**

	EY Block Initial 2023-24 £k	EY Block Final 2023-24 £k	EY Block Adjustment 2023-24 £k
Income component			
Amount LA allocated for universal 3-4 year old entitlement funding	15,258	15,253	-5
Amount LA allocated for additional hours for 3-4 year olds	5,885	5,898	13
Total funding to LAs for 2-year-olds	2,917	2,533	-384
Early Years' Pupil Premium	214	210	-4
Disability Access Fund	78	78	-
Maintained nursery school supplementary funding	669	622	-47
<b>Total</b>	<b>25,021</b>	<b>24,594</b>	<b>-427</b>

**Table 2: Outturn 2023-24 Early Years Block DSG**

<b>Spend component</b>	<b>2023-24 Outturn £k</b>
3 & 4 year old participation	20,154
2-year-olds participation	2,449
Central Spend	1,264
Early Years' Pupil Premium	166
Disability Access Fund	15
SEN Inclusion	361
<b>Total</b>	<b>24,409</b>
Underspend 2023-24	185
<b>Final EY block DSG after clawback</b>	<b>24,594</b>

- 2.3 In addition to the Early Years NFF allocation in 2023-24, the DfE also provided a separate sum to Local Authorities in the form of an **Early Years Supplementary Grant (EYSG)** which provided an uplift to rates for the period of September 2023 to March 2024, provisionally based on the January 2023 census headcount (with the final allocation to be adjusted in July 2024 based on the January 2024 census headcount).
- 2.4 The July 2024 clawback came in slightly higher than expected, leaving Lambeth with an overdistribution to providers of £22k which can be seen in **Table 3** below. This shortfall will be offset against reserves. It should be noted that this grant has been rolled into the main Early Years NFF from 2024-25 onwards, so will no longer be reported separately.

**Table 3: Outturn 2023-24 Early Years Supplementary Grant (EYSG)**

	<b>EYSG Initial 2023-24 £</b>	<b>EYSG Final 2023-24 £</b>	<b>EYSG Variance 2023-24 £</b>
Total received from DfE	753,837	617,826	-136,011
Total distributed to providers	753,837	640,100	-113,737
<b>Total</b>	<b>-</b>	<b>22,274</b>	<b>- 22,274</b>

### **3 Early Years 2024-25**

- 3.1 The formula allocation for 2024-25 continues to be based on 5/12<sup>th</sup> January 2024 and 7/12<sup>th</sup> January 2025 censuses for the existing 2-year-old disadvantaged and 3- and 4-year-old settings. In addition, the new under 2-year-old and 2-year-old working parents' settings are based on termly census data. As this data for additional settings will only be available once they have gone live, the funding for these will be retrospectively updated.
- 3.2 The Early Years block allocation for 2024-25 has now been updated for Summer 24 census headcounts and is anticipated to be £36.3m, this is set out in **Table 4**. This is expected to

further decrease once the Jan 25 census headcount numbers are known with the current Early Years block forecast projecting £34.4m. The EY block is funded on participation, so any reduction in funding should follow through to funding passported to providers.

**Table 4: 2024-25 Provisional Early Years DSG Allocations 2024-25**

Income component	EY Block Initial @Spr 24 2024-25			EY Block Latest @Sum 24 2024-25			EY Block Projected @ Sum 24 2024-25
	Pupils PTEs	Rate / hr £	Allocation £'000	Pupils PTEs	Rate / hr £	Allocation £'000	Allocation £
Under 2s entitlement	503.38	15.27	4,381	503.38	15.27	4,381	4,381
2 year old disadvantaged	676.99	11.18	4,314	524.00	11.18	3,339	3,155
2 year old working parent	840.69	11.18	5,357	840.69	11.18	5,357	4,190
3 and 4 year old universal & additional	4,945.68	7.80	21,988	4,948.90	7.80	22,003	21,379
EY Pupil Premium - under 2s	21.05	0.68	8	21.05	0.68	8	8
EY Pupil Premium - 2 year old	350.91	0.68	136	350.91	0.68	136	136
EY Pupil Premium - 3 and 4 year old	604.29	0.68	234	586.50	0.68	227	234
EY Disability Access Fund - under 2s	11.00	910.00	10	11.00	910.00	10	10
EY Disability Access Fund - 2 year old	28.00	910.00	25	28.00	910.00	25	25
EY Disability Access Fund - 3 and 4 year old	102.00	910.00	93	102.00	910.00	93	93
Maintained Nursery School Supplement	309.00	4.64	817	272.00	4.64	719	817
<b>Total</b>			<b>37,365</b>			<b>36,300</b>	<b>34,430</b>

3.3 The brought forward underspend from 2023-24 of £0.185m has been allocated to contingency. This will continue to support any un-anticipated changes in headcount which are outside of the normal 2% expected to be sustained with Early years block management between headcounts.

3.4 The risk to these assumptions is the projections of falling rolls in Lambeth and how this will impact the Early Years headcount. There is an anticipation that the new setting being rolled out and a push in publicity across the sector will help stabilise numbers in the future.

#### **4. Early Years Operational Changes from 2024-25 and Intentions for 2025-26**

4.1 As part of the Government's Budget announcement there has been a commitment to expand the 30 hours free childcare offer to support working parents from their return to work after parental leave. This therefore will mean that working parents of all children over the age of nine months will also be entitled to free 30 hours of childcare.

- 4.2 The LA have currently implemented the roll out of payments to providers based on the following timelines and have been seeking sufficiency data from Schools and PVIs regarding this roll out:
- **April 2024** – Working Parents of Two year olds will be able to access 15 hours of free childcare.
  - **September 2024** – 15 hours of free childcare will be expanded to include children from the age of 9 months.
  - **September 2025** – Working parents of children under the age of five will be entitled to 30 hours of free childcare.
- 4.3 In terms of funding rates that Lambeth receives for 3 & 4 Year olds, we are 7<sup>th</sup> Highest nationally and received the 5<sup>th</sup> lowest % increase in 2024-25 at 2.9% with the national average being 4.7% which is likely to continue for 2025-26. For 2 Year olds. To mitigate the impact, it is expected that DfE will continue with year-to-year protections, to ensure that local authorities can manage the changes at a local level, but this will always show as lower % increases in the Lambeth allocation. For 2 Year olds and under 2 year olds, Lambeth is still the 6<sup>th</sup> highest nationally in terms of hourly rate, but this does reflect the cost of London boroughs.
- 4.4 The intention for 2025-26, depending on operational guidance announcements expected from the DfE in November, is to continue to follow the same formula principles as for 2024-25, and passport any increases to providers by way of an increase of hourly rates.
- 5. Early Years Budget Grant (EYBG)**
- 5.1 The government have also recently announced a new Early Years Budget Grant (EYBG) intended to support early years providers following the agreement of the teachers' pay deal on early years provision costs.
- 5.2 This funding will be distributed via the early years budget grant (EYBG). The EYBG will be paid to local authorities to cover the 7-month period between 1 September 2024 and 31 March 2025.
- 5.3 This will cover the additional hourly rates needed to compensate for the cost of the additional teachers' pay, which was not accounted for at the time of the original allocations of early years' funding. The approach that has been taken to calculate EYBG hourly rates is in line with the way the historic teachers' pay grant (TPG) was implemented before it was rolled into core funding arrangements in 2023 to 2024. It is then expected that for 2025-26 this will be rolled into the hourly rate.
- 5.4 There are two rates provided for Lambeth and these are: the 'core' rate at £0.12 per hour and the 'maintained nursery school' rate at £0.50 per hour. The total allocation for Lambeth is expected to be £0.2m. Each rate is multiplied by seven-twelfths of a local authority's part-time equivalents (PTE) count, based on January 2024 universal and additional hours (for the 'core' rate) PTEs and January 2024 MNS universal hours (for the MNS rate), to produce each authority's total allocation under the grant.

## **6. National Wraparound Childcare Programme**

- 6.1 The government's ambition is that by 2026, all parents and carers of primary school-aged children who need it will be able to access term time childcare in their local area from 8am-6pm, so that parents can access employment and improve labour market participation.
- 6.2 The implementation of the delivery of this 'Wrap Around Childcare Programme' means that each primary school within the borough, term time only and by September 2026, will have sufficient childcare places before and after school to meet parental demand. The DfE have earmarked £910k for Lambeth between 2024-25 to 2025-26 for this purpose.
- 6.3 In addition to the Wraparound grant, a further capital grant of £473k has been made available in 2024-25 to support the expansion of childcare places and the Early Years team are working on allocating this out most effectively. The Early years team will provide an update on the current progress on delivery in the next schools forum

## **7. Risks**

- 7.1 Lambeth are still being protected by the loss cap, meaning they are being funded (at a higher level) by reference to historic funding decisions, rather than in line with the funding formula. Lambeth will therefore continue to see minimal increases in the per hour rate compared to national increases.
- 7.2 Pupil numbers are continuing to see a downward trend, and this, in conjunction with inflationary pressures, is impacting sufficiency in the EY sector.
- 7.3 The Sector continues to have recruitment issues, which impacts the ability to expand their provision in future.

## **8. Recommendations**

- 8.1 Schools Forum to note this report.

## Agenda Item 7

**Title:** High Needs Block

**Date:** 10<sup>th</sup> October 2024

**Report to:** Schools Forum

**Report for:** Information x Decision Consultation Action

**Authors:** Adam Yarnold -SEND Lead

### 1 High Needs forecast 2024/25

- 1.1 The summary budget and forecast position on the DSG High Needs Block (HNB) for 2024/25 is set out in **Table 1**. At present, the forecast shows an in year balanced budget plan for 2024/25. The agreed budget for 2024/25 takes into account £1.1m transferred from Schools block agreed by Schools Forum as well as the utilisation of £2.8m of underspend reserve from 2023/24.

**Table 1. Summary of High Needs Budget position 2024/25 September 2024**

Component	Budget 2024/25 £'000	Forecast spend 2024/25 (£'000)	Forecast variance
1. Places only	£12,760	£12,760	0
2. SEN Top-Ups	£52,722	£52,722	0
3. AP Top-Ups	£1,400	£1,400	0
4. Other High Needs provision	£4,202	£4,202	0
<b>Total Commitment (gross)</b>	<b>£71,084</b>	<b>£71,084</b>	<b>0</b>
HNB Balance brought forward	£5,639	£5,639	0
Funding transferred from Schools Block	£1,160	£1,160	0
High Needs DSG Funding (gross)	£67,080	£67,080	0
<b>Total funding</b>	<b>£73,879</b>	<b>£73,879</b>	<b>0</b>
<b>Net cumulative balances position</b>	<b>(£2,795)</b>	<b>(£2,795)</b>	<b>0</b>

- 1.2 It is expected that over the coming months this forecast will change based on the alignment to actuals from October starters and leaver adjustments and the removal of provision for inflationary uplifts for independent settings this term. Whilst there is still a projected carried forward surplus balance in High Needs Block from 2025/26, there are nevertheless continuous

ongoing pressures on the High Needs Block and it can be very volatile year on year dependent on the agreed panel or tribunal decisions that can have long term ongoing impact.

- 1.3 The expectation for the start of 2025/26 is that there will continue to be a surplus position on the High Needs block of £2.8m, which will support SEN support activities and future planning of the High needs block.
- 1.4 One of the key strategies for the SEND service moving forward is to continue to reduce demand by implementing strategies for early intervention that will continue to support the retention of a prudent surplus position on the HNB.

## **2 High Needs Provision Capital Allocations (HNPCA)**

- 2.1 The High Needs Provision Capital Allocations Grant is funded via the Education Skills Funding Agency (ESFA) and allocated to Lambeth to allocate in line with the delivery of expansion of High Needs provision. Lambeth has been utilising this funding to support the development of places and capacity within Lambeth Special schools and resource bases to continue with the strategy to use in-borough provision, rather than more expensive out of borough/independent placements.
- 2.2 Lambeth received an allocation of £2.006m to use from 2018-2021 and an additional £11.623m to use from 2021-2025, giving a total of £13.6m over 7 years to support the capital expansions of High needs places and delivery for Lambeth.
- 2.3 The process for identifying the schools for the HNPCA phase2 were:
  - Data Scoping was completed to identify key areas of need including the use of under 5 data from SEN diagnosis.
  - Scoping Meetings undertaken with all schools (mainstream and special) in October 2023.
  - Scoping Bids open to all settings with weighting for key areas of SEMH, ASD, location and Ofsted rating.
  - Bids received – Checked with Pupil Place Planning Strategy.
  - All bids followed up in February 2024 and meetings offered for key areas identified by data.
  - Scoping of ASD, SEMH and weighting.
  - Finance oversight of selection and future commissioned places.
  - Consultation with Schools through SENCo Network.
  - Consultation with families through Lambeth Parents Forum.
  - Consultation at High Needs Sub Group – School Forum.
  - Consultation with Cllr Ben Kind for a cabinet member delegated decision and publication on the forward plan.
- 2.4 The SEND Service has received approval for £2.307m of HNPCA to be released to continue with the capital programmes as shown in **Table 2**. This is expected to increase places by 53, which will commit an annual £530k on the place element of the High needs block, but is expected to continue to support the sustainability of HNB longer term.

**Table2: HNCPA Funding allocations for 2024**

Provision name	Provision category	Special provision fund additional planned places	HNCPA - Allocation for development £'000
Oasis Academy Johanna	Complex Needs Resource Base	Support for existing Complex Needs Resource Base	17
Platanos College	ASD Resource Base - Secondary	New ASD Resource Base – Secondary – 15 places	175
Larkhall Primary School	ASD Resource Base - Primary	Increase to 72 places in 2026	650
Hitherfield Primary School	SEMH Primary Resource Base - Primary	New SEND space - Consideration for new primary SEMH RB	165
Lilian Baylis	ASD Resource Base - Secondary	New ASD Resource Base for Secondary – 15 places	580
La Retraite RC Girls' School	Girls Only ASD Resource Base	New ASD Resource Base for Secondary Girls only – 15 places	680
Heron Academy	Complex Needs Specialist Setting	Access for complex learners to all floors	40
<b>Total</b>		<b>53 places</b>	<b>2,307</b>

### 3 Sub Group Update

3.1 The HNB sub group has now had two meetings and covered the following issues:

- SEND Banding and proposed uplift
- Exceptional Needs Grant – Update on spending and schools
- High Needs Capital Allocation update
- Suggestions for Future Funding for High Needs Block

3.2 The next scheduled meeting is for the 27<sup>th</sup> November, when the nominations for the Chair will be decided as well as agreement of intentions for 2025-26 uplifts to funding and working group discussion on future budgets.

### 4 Risks

4.1 The High Needs budget is very volatile, so the forecast is never entirely risk free. Provisions have been built, but this is still not sufficient especially for Autism and Social, Emotional and Mental Health (SEMH). Lambeth does not have a special school for SEMH which remains a challenge. Due to tribunals, there remains a risk that a few very expensive extra placements can put pressure on the high needs budget.



- 4.2 Commitments have been identified on the range of activities supported by the High Needs Block, but some are more certain than others. In particular, rates and numbers on Further Education and out-of-borough high needs placements are sometimes only firmed up a few terms after the provision began. While forecasts try to anticipate that, there are inevitably risks that such forecasts will be insufficient.

## **5 Recommendations**

- 5.1 **This is an information item, but Schools Forum is invited to note and discuss the issues raised.**

**Agenda Item 8**

**Title:** Schools Places Strategy Update

**Date:** 10th October 2024

**Report to:** Schools Forum

**Report for:** Information   x      Decision      Consultation      Action

**Author:** Abrilli Phillip – Director of Education

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Verbal update on the progress of consultation below as published

Link to Consultation

<https://www.lambeth.gov.uk/consultations/have-your-say-lambeths-statutory-proposals-primary-school-places>

## Appendix 1

## Lambeth Scheme for Financing Schools: Revisions October 2024

Revision	Lambeth Scheme 2023-24	Change Lambeth Scheme 2024-25	Change explanation - Actions and further process
<b>Guidance</b> Section 5.8 Borrowing for Schools <a href="#">Schemes for financing local authority maintained schools 2024 to 2025 - GOV.UK (www.gov.uk)</a>	<p>3.8.1 Governing bodies may borrow money only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes in order to meet broader policy objectives.</p> <p>3.8.2 The scheme must contain a provision that allows schools to use any scheme that the Secretary of State has said is available to schools without specific approval, currently including the Salix scheme, which is designed to support energy saving.</p> <p>3.8.3 For the purposes of this document, "borrow" includes entry into any arrangement, which commits the school to payments over a period of more than twelve months.</p>	<p><b>3.8 Borrowing by Schools</b></p> <p>Governing bodies may borrow money only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. Any request to the Secretary of State for such permission must have been subject to approval from Lambeth.</p> <p>With the introduction of International Financial Reporting Standard 16 (IFRS16) for local authorities from 1 April 2024, the distinction between operating and finance leases at maintained schools has ended for accounting purposes. That is, under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.</p> <p>However, the Secretary of State has agreed to provide blanket consent to a range of the most common leasing activities, as set out in the <b>IFRS16 Maintained Schools Finance Lease Class Consent 2024</b>. Governing bodies can choose to use any scheme that the Secretary of State has said is available to schools without specific approval.</p> <p>Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.</p>	<p>Change to reflect introduction of International Financial Reporting Standard 16 (IFRS16) and the Secretary of State providing blanket consent to certain categories of finance lease; and clarify that the introduction of IFRS16 for LAs from 1 April 2024 ends the distinction between operating and finance leases at maintained schools and in effect, all leases will be classified as finance leases for accounting purposes.</p>

## Appendix 2



Department  
for Education

# The IFRS16 Maintained Schools Finance Lease Class Consent 2024

## The general consent

1. The Education Act 2002 ("the Act") provides for each maintained school to have a governing body which is a body corporate constituted in accordance with statute. Schedule 1 to the Act<sup>1</sup> contains general provisions relating to the governing body as a body corporate.
2. Paragraph 3 of that Schedule sets out the governing body's powers, including in particular power to borrow such sums as the governing body think fit and, in connection with such borrowing, to grant security over any land or other property of the governing body (sub-paragraph (3)(a)). That power to borrow money and grant security may, however, only be exercised with the written consent of the Secretary of State in relation to England (sub-paragraph (4))<sup>2</sup>. Such consent may be given for borrowing of a particular class.
3. The Secretary of State for Education hereby grants consent for borrowing comprised in a lease entered into by or for one or more maintained schools where the lease is of a description specified in the Schedule to this general consent.
4. This general consent comes into force on 1 April 2024 and may be cited as "The IFRS16 Maintained Schools Finance Lease Class Consent 2024".

Signed on behalf of the Secretary of State for Education

Signed

A handwritten signature in black ink.

Deputy Director, Central Capital Unit

Dated

26/03/2024

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<sup>1</sup> brought into effect by section 19(6) of the Act

<sup>2</sup> unless the Secretary of State makes provision (under sub-paragraph (5)) by order for that function to be instead exercised by the maintaining local authority: no such order is in force

## Schedule

1. All existing leases in place on 1 April 2024 for items included in this list
2. Leases related to IT equipment (for example laptops, tablets, desktop computers, printers, photocopiers, servers, door entry security systems, CCTV Systems, whiteboards and touch screen boards)
3. Leases related to telephony (for example mobile phones, landline phones and telephone systems)
4. Leases related to catering and cleaning equipment (for example tills, water coolers, vending machines, dishwashers, washing machines, ovens, fridges, freezers, water boilers, small kitchen appliances, crockery and cutlery)
5. Leases related to furniture (for example desks, tables and chairs)
6. Leases related to bathroom and sanitary items (for example hand dryers, towel dispensers, sanitary bins)
7. Leases related to gym equipment (for example treadmills, free weights and weight machines, rowing machines and exercise bikes)
8. Leases related to groundskeeping equipment (for example lawn mowers, string trimmers, leaf blowers and salt spreaders)
9. Leases related to LED lighting system (for example lightbulbs, control mechanisms and control panels) - consent is granted where the product has been sourced with support from the Department for Education through [Get help buying for schools](#) or from a recommended route on our [Find a framework](#) website
10. Leases related to minibuses and other vehicles for the use of the school
11. Leases related to temporary classrooms and equivalent structures (but not land leases they sit on, which may require separate consent – see [school land transactions guidance](#))

## Agenda Item 9

<b>Title:</b>	<b>Scheme for Financing Schools</b>
<b>Date:</b>	<b>10<sup>th</sup> October 2024</b>
<b>Report to:</b>	<b>Schools Forum</b>
<b>Report for:</b>	<b>Information    Decision   X    Consultation    Action</b>
<b>Author:</b>	<b>Dominique Johnston-Franklin – Group Manager Education Finance</b>

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### **1. Purpose of report**

- 1.1 The Scheme for Financing Schools is the basis on which local devolved financial management of maintained schools operates. It applies to all maintained schools and to the local authority. The Department for Education (DfE) provides statutory guidance about the contents, but there is local discretion on some aspects of it.
- 1.2 The Secretary of State may, by a direction, revise the whole or any part of the scheme as from such date as may be specified in the direction. In making changes other than directed revisions, local authorities must consult all maintained schools and receive the approval of the members of their Schools Forum representing maintained schools.
- 1.3 This report provides an update on the DfE's recent changes to the statutory guidance on schemes and seeks approval from the Schools Forum on the subsequent amendments to Lambeth's Scheme for financing schools.

### **2. Revision to Scheme for Financing schools**

- 2.1 LAs are required to publish Schemes for Financing Schools, setting out the financial relationship between them and the schools they maintain.
- 2.2 Local Authorities are required to review the scheme annually and make relevant changes in line with processes administered within the LA when funding schools via the delegated budgets process.
- 2.3 For 2024-25 the DfE have made the following changes from Issue 15 of the statutory guidance - these are updates and not classed as directed revisions. The update is to reflect current policy positions and changes in legislation and this consists of:
  - **Section 1.1 : About this guidance** - updated the issue number of the statutory guidance from 'issue 15' to 'issue 16'
  - **Section 5.8: Borrowing by schools**
    - updated guidance on borrowing to reflect the introduction of International Financial Reporting Standard 16 (IFRS16) and the Secretary of State providing blanket consent to certain categories of finance lease.
    - the introduction of IFRS16 for local authorities from 1 April 2024 ends the distinction between operating and finance leases at maintained schools and in effect, all leases will be classified as finance leases for accounting purposes.

- 2.4 Although the requirement is for schools to only be consulted on non -directive revision and these changes are not issued as directive changes, these changes reflect changes to accounting standards in current DfE policy decisions and contain no element of LA discretion.
- 2.5 Therefore it is proposed that the changes set out in **Appendix 1** are agreed in accordance with the issue 16 of statutory guidance (updated 28<sup>th</sup> March 2024) given by the Secretary of State pursuant to section 48(4) and paragraph 2A(2) of schedule 14 to the School Standards and Framework Act 1998.
- 2.6 **Appendix 2** shows the general consent granted to borrowing comprised in a lease entered into by or for one or more maintained schools where the lease is of a description specified in the Schedule to this general consent. This is as of 1<sup>st</sup> April 2024 and as cited in the [“IFRS16 Maintained Schools Finance Lease Class Consent 2024”](#).

### 3. Recommendations

- 3.1 **Schools Forum (Maintained schools Only) to Agree:** changes as per **Appendix 1** to Lambeth Scheme for Financing Schools and adopt the changes in the DfE statutory guidance as the revision of March 2024.

## Agenda Item 10

**Title:** Update Lambeth Schools Partnership (LSP)

**Date:** 10th October 2024

**Report to:** Schools Forum

**Report for:** Information x Decision Consultation Action

**Author:** Gerald Mehrstens

**Interim AD Standards, Safeguarding & Partnerships**

### 1. Background

- 1.1 The Lambeth Schools Partnership is a collaboration of the Local Authority, schools and other educational settings established in the 2016/17 academic year. The LSP's vision is to build on an existing culture of collaborative working in its schools and settings to enable all the borough's children and young people to experience the best possible education opportunities, outcomes, and life chances.
- 1.2 The priorities and desired outcomes of the LSP are laid out in the LSP Education Strategy document, and the interventions and actions of how these are to be achieved, detailed in the LSP Schools' Improvement Action Plan.
- 1.3 Lambeth Schools Partnership objectives are for:
  - Outcomes in Key Stage 2 and Key Stage 4 to be at the London Average in 3 years;
  - To be in the top quartile compared to our London Local Authority statistical neighbours within 7 years;
  - Outcomes for disadvantaged pupils improve by 3% year on year.

Lambeth requires a significant investment in the school improvement to make the necessary rapid progress required. The LSP Review, Education Strategy and Action Plan outlines how these objectives are to be achieved, and this report outlines the financial means by which it can be achieved.

### 2. Schools Improvement Investment

- 2.1 The Coronavirus pandemic has had a significant impact on the educational outcomes and school attendance for children and young people, particularly in the case of low-income families and disadvantaged groups. Lambeth has therefore been markedly impacted by the pandemic given the sociodemographic of the borough.
- 2.2 Regarding academic outcomes, Key Stage 4 results in 2022, although improving on those of previous years, were the lowest compared with its statistical neighbours. Key Stage 2 were lower than the London average and just in line with national averages.
- 2.3 Present school attendance is also below the pre-pandemic average of 96%. In addition, when analysing the data further, achievements of disadvantage groups are lower than their peers, significantly so in the case of black Caribbean pupils at Key Stage 4.



- 2.4 Regarding school attendance, the government released the White Paper which included Working Together to improve School Attendance, that stated that every LA should have attendance management officers and placed emphasis on the following:
- Targeted Attendance Meetings for all schools including independent schools
  - Education Supervision & Parenting Orders
  - Use of parenting contracts
  - All schools to have a named attendance officer
- 2.5 LSP is currently funded by subscriptions from schools and is also supported by the de-delegated Education functions for statutory responsibility, but, in order to continue with the strategy to support Education improvement, Lambeth has committed to additional investment to the LSP 3-year programme to improve attendance and education outcomes in Lambeth maintained schools.
- 2.6 This investment will be supported by the LSP and will fund a Schools Improvement Advisor on up to a 3-year fixed term contract to support and challenge schools to improve academic outcomes. To seek at the same time the LSP, through an increase in subscription, will also fund appointing a second Schools' Improvement Advisor, and in the longer-term funding both posts.
- 2.7 In addition it will fund each Secondary school to become a member of the LSP, and funding to support the delivery of targeted programmes to improve outcomes for disadvantaged pupils with an emphasis to improving outcomes for black Caribbean pupils. This equates to £10,00 per year per secondary school.
- 2.8 On Education welfare, there is also additional investment to the central LA team to fund 4 Education welfare officers over 3 years providing all Lambeth Primary, Special schools and alternative provision to receive a Free Educational Welfare Service, an Early Intervention approach to attendance and oversee Education Supervision Orders. A key outcome being improving attendance to pre-pandemic levels, above 96%.

### **3. Recommendations**

- 3.1 **This is an information item, but Schools Forum is invited to note and discuss the issues raised.**

Schools Finance Team

# Lambeth Scheme for Financing Schools

October 2024

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## SECTION 1: INTRODUCTION

### 1.1 The Funding Framework Main Features

The London Borough of Lambeth Scheme for Financing Schools is a formal document which describes the main features of the funding framework, which is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act, (SSAF) 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 (DSG) to their schools budget.

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. Authorities may deduct funds from their schools budget for purposes specified in regulations made by the Secretary of State under s.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).

Local Authorities must distribute the ISB amongst their maintained schools using a formula in accordance with the 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 Local Authority in accordance with s.48 of the Act and approved by the Secretary of State. 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 provisions of the scheme, governing bodies of schools may spend budget shares for the purposes of their school. They may also spend budget shares on 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 (s50(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. A school's right to a delegated budget share may also be suspended for other reasons (s.17 of the SSAF Act 1998).

The 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 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 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 amendments to it in a manner they determine.

## **1.2 The Role of the Scheme**

This Scheme sets out the financial relationship between the Authority and the maintained schools that it funds. It contains requirements relating to financial management and associated issues, which are binding on both the Authority and on the schools.

## **1.3 Application of the Scheme to the Authority and Maintained Schools**

This scheme applies to all community, nursery, voluntary, foundation (including trust) community special, foundation special schools in the area of the Authority and PRUs maintained by the Authority. **Appendix 1** lists school maintained by the Authority. It will not apply to any academies within the borough or schools situated in the Authority's area which are maintained by another authority.

## **1.4 Publication of the Scheme**

A copy of the scheme will be published on the Lambeth Council website.

## **1.5 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 the Schools Forum for their approval.

All proposed revisions to the Scheme must be submitted to the Schools Forum for approval by members representing maintained schools. Where the Schools Forum does not approve or approves them subject to modifications which are not acceptable to LB of Lambeth, the LA may apply to the Secretary of State for approval. The Secretary of State can make directed revisions to schemes which become part of the scheme from the date of direction.

## **1.6 Delegation of Powers to the Head teacher**

Each Governing body is required to consider the extent to which it wishes to delegate its financial powers to the Head teacher and to record its decision (and any revisions) in the minutes of the governing body.

The Scheme should state the responsibilities of the Head teacher and governing body in respect of the annual budget plan; the first formal budget plan of each financial year must be approved by the governing body, or by a committee of the governing body.

All governing bodies have full responsibility for the management of the school's budget and for the appointment and dismissal of all staff taking into account the professional advice of the Director of Education and their Head teacher.

Governing bodies are required to:

- Spend their budgets in a manner that is consistent with the implementation of the National Curriculum; with the statutory requirements relating to the curriculum as a whole, (including religious education and worship), to secure provision for children with additional educational needs and use their best endeavours to secure the provision set out in the statement of special educational need of any pupil registered at the school insofar as that provision is not made from central resources retained by the LA for that purpose.
- Operate an effective and efficient education service within the strategic framework set by the LA for the benefit of their pupils.
- Operate within their budget share.
- Meet the actual cost of all expenditure from their delegated budget and any income accruing to the governors.
- Approve the first formal budget plan of each financial year. This may be done by a committee of the governing body.

This Scheme requires each governing body to consider the extent to which it wishes to delegate financial powers to their Head teacher. The LA has no wish to impose uniformity on schools but has set out a model scheme and code of practice for delegation to Head teachers, which sets out reasonable parameters that governing bodies are asked to consider. It is a suggestion only and governing bodies are free to determine arrangements appropriate to their circumstances.

However it is likely that the following will be included:

- Appointment of teachers and non-teaching staff, the remuneration of Head teachers.
- Securing supply teaching and other staff cover in the event of staff absence or vacancy.
- Employment of casual staff.
- Virement between budget heads up to £5,000 in primary and £10,000 in secondary schools (all uses of this power must be reported to the governors as they remain responsible for the overall management of the budget).
- Authority to order goods and services as necessary.
- Negotiations with bankers.
- Income matters, such as setting charges for one off activities.
- Taking of corrective action to ensure budget plans are achieved.



- Write off of debts up to a limit set by Lambeth's financial control with the agreement of the Director of Education as required; these limits are set out in the Schools Financial Procedures Manual.
- Disposal of assets.

The level of delegation decided upon by the governors of the school and any subsequent revisions should be agreed by the full governing body and duly detailed in the minutes of the governing body. Such decisions will be subject to any requirements of regulations made under Section 38 and Schedule 11 of the School Standards and Framework Act.

Whatever their decision governors should delegate at least the day-to-day administration and management of the school finances to the Head teacher. The arrangements must also make clear the respective responsibilities of the governors and the Head teacher for the Annual Budget Plan and delegated budget.

The Head teacher may, in turn, delegate certain tasks and responsibilities to other members of staff (Deputy Head teacher or Bursar). Where such further delegation takes place the overall responsibility is deemed to remain with the Head teacher.

- The resource committee may authorise the disposal of assets with value between £500 - £5,000 (secondary) and £250 - £2,500 (other).
- The Governing Board may authorise the disposal of assets (where the value of the assets is greater than £5,000 in a secondary school or £2,500 in other schools).
- The Headteacher may authorise the disposal of assets up to a value of £5,000 (secondary) and £2,500 (other) – the school governing board may choose to set these limits at a lower level if it so chooses.

## **1.7 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 school where some of the expenses are, by statute, payable by the governing body). Part of the way an authority maintains schools is through the funding system put in place under sections 45 to 53 of the Act 1998. All schools should be referring to the Lambeth School Maintenance Handbook for detailed guidance.

## **SECTION 2: FINANCIAL CONTROLS**

### **2.1 Application of Financial Controls to Schools**

In managing their delegated budgets schools must abide by the Authority's requirements on financial controls and monitoring. Certain of these are directly referred to in this scheme while others are included in the School Financial Procedures Manual.

### **2.2 Provision of Financial Information and Reports**

Schools are required to provide the Authority with details of expected and actual expenditure and income (I and E), in a form and determined by the Authority (generally in line with Consistent Financial Reporting Framework), to ensure that the Local Authority's role in ensuring proper use of public funds is achieved. Information will normally be required once every 3 months (except for information connected with tax or banking reconciliation).

However, it may be more frequent if the LA has given the school notice in writing that it is concerned about its financial management, the school is a deficit school or the school is in its first year of operation, submission of information may be required on a monthly basis.

All schools may submit information for reimbursement of VAT on a monthly basis.

### **2.3 Payment of Salaries; Payment of Bills**

The procedures for these will vary according to the choices schools make about the buying back of the Authority's payroll service. The procedures which apply to different choices made by schools are as follows:

For schools that choose to purchase the Council's payroll service, payments will be made monthly to employees on the 15th of each month (or on the last working day before the 15th where this falls either on a Saturday, Sunday or Public Holiday).

For schools that purchase payroll service from an external provider, or provide their own payroll service, the arrangements are for schools to determine. The Authority will make transfers of funds on or before the 13th of each month.

Schools should ensure that payments for invoices are made within 30 days of the invoice date. Any costs including penalties, legal or admin costs incurred by a school for late payment of invoices will be chargeable to the school's budget. All schools covered by the provisions of this scheme must comply with the requirements set out in the School Financial Procedures Manual.

### **2.4 Control of Assets**

Each school must maintain an inventory of its moveable non-capital assets and setting out the basic authorisation procedures for disposal of assets. Schools are encouraged to keep a register of assets worth less than £1,000 and register anything that is portable and attractive, such as an ipad/camera.

The format of the required inventory and the basic authorisation procedures for disposal of assets worth £1,000 or more are as set out in the School Financial Procedures Manual.

## **2.5 Accounting Policies (including year-end procedures)**

Schools must abide by procedures issued by the Authority in relation to accounting policies and year-end procedures and as outlined in the School Financial Procedures Manual. Schools must comply with the accounting timetable. Circumstances which prevent a school from achieving this must be notified to the Authority in writing prior to the timetable deadline.

## **2.6 Writing off of Debts**

Governing bodies are only authorised to write off debts up to £250. In the case of larger debts, the school must consult with the Schools Finance Team for Director of Education approval.

## **2.7 Basis of Accounting**

Schools are free to use any accounting/budgeting software they choose, providing any reports are submitted to the LA in the required format and they meet the costs of modification to provide output required by the LA. Schools may therefore account for expenditure and income during the financial year on their internal systems using either a cash or an accruals basis. Reports submitted to the authority in accordance with this Scheme must however be amended, where necessary, at the year-end to an accruals basis in order to comply with the LA's requirements.

## **2.8 Submission of Budget Plans and Financial Forecasts**

**2.8.1 Budget Plans.** Each school is required to submit a final 3-year budget plan, approved by the governing body (and recorded in the FGB minutes) to the Authority by the 1st Friday of May each year. The budget plan should take full account of the estimated surplus or deficit as at the previous 31st March. The budget plan must show the school's intentions for expenditure in the current financial year and the assumptions underpinning the budget plan.

The format of the budget plan (in line with the Consistent Financial Reporting Framework) shall be as set out in the Authority's Annual Budget Preparation Pack, which is distributed to schools each January. The school's formal annual budget plan must be approved by the finance committee (or equivalent) and then by the Chair of Governors at full governing body. Meeting minutes must capture the record of approval.

If a school considers they are likely to have to set a deficit budget they must notify the Director of Education (copying in the Schools Finance Team) as soon as possible prior to 1<sup>st</sup> Friday in May.

The Authority may also require the submission of revised plans where the Authority deems it necessary. Such revised plans shall not be required at intervals of less than three months. Revised plans will be required where it is evident that the original approved budget plan is no longer sustainable.

The Authority will supply schools with all income and expenditure data which, it holds, and which is necessary to efficient planning by schools.

**2.8.2 Financial Forecasts.** The LA requires that schools submit a financial forecast covering each year of a multi-year period. This should be at CFR detail level for each financial year within the 3-year budget plan. All assumptions and calculation notes must be recorded against each CFR code. Any further requirements re forecasts will be communicated to schools at the relevant time.

Future-year detailed financial forecasts with assumptions and notes calculations indicate that a school is undertaking effective financial planning. This is a requirement as evidence to support the Authority's assessment of Schools Financial Value Standards.

## **2.9 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 LA's purchasing, tendering and contracting requirements.

It is for Head teachers 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 is important for schools to review their current expenditure, compare it to other schools and think about how to make improvements.

### **2.10 Virement**

A virement is the transfer of funds from one budget to another. It allows flexibility to move budgets to deal with changing circumstances throughout the financial year.

Schools are free to vire between budget heads in the expenditure of their budget shares, but governors are advised to establish criteria for virements and financial limits above which the approval of the governors is required.

### **2.11 Audit: General**

Schools are required to co-operate both with auditors employed by the Authority (Internal Audit) and the Authority's external audit regime as determined by the Local Audit and Accountability Act 2014. Schools are required to give access to any and all records as requested by the auditors.

With regard to internal audit, all schools fall within the audit regime determined by the Authority. The Council's auditors largely carry out the Council's internal audit function under contract. School audits are carried out on a cyclical basis.

It is a requirement that schools provide access to the school records for both internal and external auditors.

### **2.12 Separate External Audits**

In instances where a school wishes to seek an additional source of assurance at its own expense, a governing body is permitted to spend funds from its budget share to obtain external audit certification of its accounts, separate from any LA internal or external audit process.

Where a school chooses to seek such an additional audit it does not remove the requirement that the school must also co-operate with the LA's internal and external auditors. If a school chooses to exercise this discretion it should ensure that the appointed auditors are certified and competent.

### **2.13 Audit of Voluntary and Private Funds**

In addition to the normal internal and external audits, schools must provide audit certificates in respect of any voluntary and private funds they hold and of the accounts of any trading organisations controlled by the school. The purpose of such a provision is to allow the Authority to satisfy itself that public funds are not being misused.

Both voluntary and private funds come under the definition of 'non – official funds or school funds'. Such funds are those that do not contain official monies/ delegated funding from the LA and is wholly controlled or in part by the Head teacher by reason of his/her employment by the school. Although such funds are not public money, parents and other benefactors are entitled to the same standards of stewardship in regard to them.

Authorities must not seek to impose through the scheme a right to audit such funds themselves or otherwise access the accounts of private funds. We do not believe that such access is required, or that the Scheme can bestow it.

A school refusing to provide audit certificates to the Authority as required by the Scheme is in breach of the Scheme and the Authority can take action on that basis. Access to the accounts of such funds by other agencies is a matter for them. Any other requirement as to audit of such funds is a matter for those making the funds available, and any Charity Commission requirements.

### **2.14 Register of Business Interests**

The governing body of each school is required to establish and maintain a register that lists, for each member of the governing body and the Head teacher and staff, any business and pecuniary interests they or any member of their immediate family have; details of any other educational establishments that they govern; and any relationships between school staff and members of the governing body.

The governors are also required to keep the register up to date with notification of changes through annual review of entries, and to make the register available for inspection by governors, staff and parents, and the LA; and to publish the register on a publicly available website. Nil returns from staff and governors should be included in the register. Further details and a recommended format for the register are set out in the School Financial Procedures Manual.

### **2.15 Purchasing, Tendering and Contracting Requirements**

Each school is required to abide by the Authority's financial rules and standing orders in purchasing, tendering and contracting matters. This includes a requirement to assess in advance, where relevant, the health and safety competence of contractors, taking account of the Authority's policies and procedures.

In adhering to these requirements, however, schools are not obliged to adhere to those rules or standing orders which would require them:

- To do anything incompatible with any of the provisions of the Scheme, or any statutory provision, or The Public Contracts Regulations.
- 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.
- Or would permit schools to seek fewer than three tenders or quotations 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 compliant deals via Buying for Schools and School Financial Procedures Manual.

## **2.16 Application of Contracts to Schools**

Schools have the right to opt out of Authority-arranged contracts except where they have lost that right for particular contracts (whenever started) in accordance with a specified written procedure: in which case they will be bound into the contract for its length (although the contract might contain clauses allowing variance of its terms and conditions).

However, any section of the Authority's financial regulations and standing orders shall not apply if it requires schools:

- a) To do anything incompatible with any of the provisions of this Scheme, or any statutory provision, or The Public Contracts Regulations.
- b) To seek LA Officer countersignature for any contracts for good or services for a value below £60,000 in any one year.
- c) To select suppliers only from an approved list or permit schools to seek fewer than three tenders in respect of any contract with a value exceeding £10,000 in any one year.
- d) Certain contracts listed in the scheme as approved by the Secretary of State for services for which funding is delegated after 1st April 2019, irrespective of the agreement of schools.

Although governing bodies are empowered under paragraph 3 of schedule 10 to the School Standards and Framework Act 1998 to enter into contracts, 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. The School Financial Procedures Manual sets out levels of contract which require Local Authority approval.

Other contracts may however be 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.

## **2.17 Central Funds and Earmarking**

The Authority is authorised to make sums available to schools from central funds, in the form of allocations, which are additional to and separate from the schools' budget shares.

Such allocations shall be subject to conditions setting out the purpose or purposes for which the funds may be used: and while these conditions need not preclude virement (except, of course, where the funding is supported by a specific grant which the Local Authority itself is not permitted to vire), this should not be carried to the point of assimilating the allocations into the school's budget share.

Such allocations might, for example, be sums for SEND or other initiatives funded from the central expenditure of an Authority's schools budget or other Authority budget.

The Authority will not make any deduction in respect of interest costs incurred by the Authority from payments of devolved specific or special grant.

Such earmarked funding from centrally retained funds is to be spent only on the purposes for which it is given, or on other budget heads for which earmarked funding is given, and is not to be vired into the school's budget share. Where earmarked funds are not spent on the purposes for which they were given the Authority will recoup the monies. To assist schools to demonstrate compliance with this requirement specific accounting guidance will be issued.

## **2.18 Spending for the Purposes of the School**

Governing bodies are free to spend budget shares 'for the purposes of the school', subject to any provisions of this Scheme. 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 section 50(3)(b) the Secretary of State may prescribe additional purposes for which expenditure of the budget share may occur. They have 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).

Governing bodies are reminded that the prime purpose of the school and its consequent expenditure should be the provision of teaching and learning for the pupils and students attending the school.

## **2.19 Capital Spending from Budget Shares**

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 which is their responsibility under paragraph 3 of Schedule 3 of the act.

If the expected capital expenditure from the budget share in any one year will exceed £15,000, the governing body must notify the Authority and take into account any advice from the Director of Education as to the merits of the proposed expenditure.

Where the Authority owns the premises, or the school has voluntary controlled status, then the governing body shall seek the consent of the Authority to the proposed works, but such consent will only be withheld 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.



## 2.20 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 Education, 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 Local 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 Local Authority.
- Insisting on regular financial monitoring meetings at the school attended by Local Authority officers.
- Requiring a governing body to buy into a Local 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 this provision is to enable the Local 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, and determining the requirements included within it, must be to safeguard the financial position of the Local Authority or school.

It should not be used in place of withdrawal of financial delegation where that is the appropriate action to take; however, it may provide 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.

Where a Local Authority issues a notice of concern the scheme must provide for the notice to be withdrawn once the governing body has complied with the requirements it imposes.



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

All maintained schools (including nursery schools and special schools that have a delegated budget) must demonstrate compliance with the Schools Financial Value Standard (SFVS) and complete the assessment form on an annual basis. It is for the school to determine at which time of the year they wish to complete the form.

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.

All maintained schools with a delegated budget must submit the (work in progress) SFVS form to the Local Authority by January 31st each year. This is for assurance that schools are on track. Schools must submit their final SFVS to the LA no later than 31st March each year. LAs have to submit their assurance statement to the DfE within 6 weeks of the school deadline of 31st March, this deadline enables the Authority to complete the auditing of the forms prior to submission. Failure to comply with deadline could result in warning.

## **2.22 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 Head teacher 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 those controls. This information must also be included in the induction for new staff and governors.

## **SECTION 3: INSTALMENTS OF THE BUDGET SHARE; BANKING ARRANGEMENTS**

The LA has adopted the CIPFA Code of Practice for Treasury Management. For the purposes of this section, budget share includes any place-led funding for special schools or pupil referral units.

### **3.1 Frequency of Instalments**

The budget share will be made available to governing bodies monthly, on or before the 13th of each month. Payment will normally be by bank transfer (BACS).

Place-led funding is included in arrangements for payment by instalments. Top up payments for high needs pupils will be adjusted on a termly in arrears basis unless alternative arrangements have been agreed with the provider. Where schools are experiencing cash flow difficulties, they should inform the Schools Finance Team.

### **3.2 Proportion of Budget Share Payable at each Instalment**

The proportion of the budget share to be made available to schools shall be calculated as set out in [Appendix 2](#).

### **3.3 Interest Claw Back**

The Authority will make no deduction from budget share instalments to cover the estimated interest lost by the Authority in making available the budget share in advance.

### **3.4 Interest on Late Budget Share Payments**

The Authority will add interest to late payments of budget share instalments, where such late payment is the result of Authority's error. The interest rate used will be the current Bank of England base rate.

### **3.5 Budget Shares for Closing Schools**

Budget shares of schools for which DfE approval for closure has been secured, will be made available until closure on a monthly basis even where a different basis was previously used.

### **3.6 Bank Accounts**

All schools must have a bank account into which their budget share instalments (as determined by other provisions) are paid. Where schools have such accounts they shall be allowed to retain all interest payable on the account unless they choose to have an account within a Local Authority contract, which makes other provision.

New bank account arrangements may only be made with effect from the beginning of each financial year. If a school chooses to open an external bank account the Authority will, on request from the school, transfer immediately to the account an amount agreed by the school and Authority as the estimated surplus bank balance in respect of the school's budget share. These will then be adjusted when the accounts for the relevant financial year are closed and the final amount is known.

### **3.7 Restrictions on Accounts**

Schools are permitted to hold accounts for the receipt of budget share payments, at British high street banks or building societies.

Any school closing an account which used to receive its budget share, and opening another, must select the new bank or building society from the approved list, even if the closed account was not with an institution on that list.

Schools are allowed to have accounts for budget share purposes, which are in the name of the school rather than the Authority. However, if a school has such an account the account mandate should provide that the Authority is the owner of the funds in the account; that it is entitled to receive statements; and that it can take control of the account if the school's right to a delegated budget is suspended by the Authority.

Budget share funds paid by the authority and held in school accounts remain Authority property until spent (section 49(5) of the act). The Authority will continue with the arrangements negotiated with National Westminster Bank whereby the accounts are in the name of the Authority but specific to each school, for schools who wish to use such arrangements.

### **3.8 Borrowing by Schools**

Governing bodies may borrow money only with the written permission of the Secretary of State. The Secretary of State's general position is that schools will only be granted permission for borrowing in exceptional circumstances. Any request to the Secretary of State for such permission must have been subject to approval from Lambeth.

With the introduction of International Financial Reporting Standard 16 (IFRS16) for Local Authorities from 1 April 2024, the distinction between operating and finance leases at maintained schools has ended for accounting purposes. That is, under the Education Act 2002, all leases will be classed as borrowing and will require the Secretary of State for Education's consent.

However, the Secretary of State has agreed to provide blanket consent to a range of the most common leasing activities, as set out in the IFRS16 Maintained Schools Finance Lease Class Consent 2024. Governing bodies can choose to use any scheme that the Secretary of State has said is available to schools without specific approval.

Leases not included in this Order will still require the written consent of the Secretary of State, and it remains the general position that schools will only be granted permission for other types of borrowing in exceptional circumstances. From time to time, however, the Secretary of State may introduce limited schemes to meet broader policy objectives.

This does not apply to Trustees and Foundations, whose borrowing, as private bodies, makes no impact on Government accounts. These debts may not be serviced directly from the delegated budget, but schools are free to agree a charge for a service which the Trustees or Foundation are able to provide as a consequence of their own borrowing. Governing bodies do not act as agents of the Authority when repaying loans.

**Credit Cards:** schools are explicitly barred from using credit cards. This restriction does not apply to debit cards, Government Procurement Cards or Purchasing Cards as these cards can be a useful means of facilitating electronic purchase. However, no interest charges should be incurred by the school, with balances fully cleared on a monthly basis. If the Governing Body or Head teacher is in any doubt as to the effects of any financial arrangement they must contact the Assistant Director of Finance. Further details on use of purchase cards can be found in Chapter 3 of the Schools Financial Procedures Manual.

**Removal of permissions:** The Local Authority has the right to remove permission for a school to hold a debit card or procurement card, where a school has infringed on any of the criteria for holding any card, including breaches of their own controls or infringements. 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.

### 3.9 Other Provisions

The Authority may make other provisions from time to time, which affect the operation of school bank accounts. The Authority will seek to give at least one month's notice of any changes.

## **SECTION 4: THE TREATMENT OF SURPLUS AND DEFICIT BALANCES ARISING IN RELATION TO BUDGET SHARES**

### **4.1 The Right to Carry Forward Surplus Balances**

Schools will carry forward from one financial year to the next any surplus/deficit in net expenditure relative to the school's budget share for the year plus/minus any balance brought forward from the previous year. A school's balance at 1st April of any financial year is equal to the balance as at 31st March in the previous financial year.

### **4.2 Controls on Surplus Balances**

The Authority does not operate a balance control mechanism to claw back excess surplus balances.

Any surpluses should be earmarked for specific future needs to ensure that pupils 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. Governing Bodies must report to the Local Authority on the use to which schools intend to use surplus balances.

### **4.3 Interest on Surplus Balances**

Where balances are held by the Authority on behalf of schools, interest will be paid on the basis of negotiations with the Council's Treasury Manager.

### **4.4 Obligation to Carry Forward Deficit Balances**

Deficit balances will be carried forward by the deduction of the relevant amounts from the following year's budget share. The Authority has the power to schedule repayments of deficits that already existed at schools maintained by the Authority at the end of the financial year. A school's deficit balance at 1st April of any financial year is equal to the deficit balance as at 31st March in the previous financial year.

### **4.5 Planning for Deficit Budgets**

Schools may only plan for a deficit budget in accordance with the terms of paragraph 4.9 below.

### **4.6 Charging of Interest on Deficit Balances**

The Authority will not charge interest on any deficit balance, except where the deficit has been incurred through the school ignoring advice of the Authority. The basis of the calculation of interest shall be on the basis of Base Rate plus 2%.

#### **4.7 Writing off Deficits**

The Authority has no power to write off the deficit balance of any school. The Authority if it wishes may give assistance towards elimination of a deficit balance through the allocation of a cash sum.

Funding to support schools in financial difficulty can only come from a de-delegated contingency for mainstream schools, or a centrally held budget specified for the purpose of expenditure on special schools and pupil referral units in financial difficulty or, in respect of mainstream maintained schools, from a de-delegated contingency budget where this has been agreed by Schools Forum.

#### **4.8 Balances of Closing Schools**

Where, in the funding period, a school has been established or is subject to a prescribed alteration as a result of the closure of a school, a Local Authority may add an amount to the budget share of the new or enlarged school to reflect all or part of the unspent budget share (including any surplus carried over from previous funding periods) of the closing school for the funding period in which it closes.

#### **4.9 Licensed Deficits**

It is not permissible for schools to budget for a deficit, except in those circumstances set out below.

School budget plans must be prepared with a view to breaking even or creating a surplus at the end of the financial year. The funding to allow such a deficit budget shall be provided from the collective surplus of school balances held by the Authority on behalf of schools. Although it is open to the Authority, in circumstances where there is no such surplus, to make alternative arrangements if it can do so within the relevant Local Authority finance legislation

Where schools have reason to anticipate setting a deficit budget, the Director of Education and Chief Finance Officer must be informed immediately. Schools must submit a recovery plan to the Local Authority when their revenue deficit rises to be included as part of their budget submission.

A formal sign off of all arrangements will be required by the Director of Education and Chief Finance Officer and Cabinet - recovery plans will be published annually.

The maximum length over which schools may repay the deficit (i.e. reach at least a zero balance) is 3 years which may be extended to 5 years in exceptional circumstances. The Director of Education or their nominated representative will meet at least termly with the Chair and Head teacher of each school with a licensed deficit to review progress against the agreed deficit repayment plan.

Deficits will normally only be agreed for items of a one off nature and may not be agreed to support recurrent spending.

The maximum deficit will normally be 2% of the school's formula funding for the year in which the deficit is applied for. Deficits will not be licensed for sums less than £10,000 – these must be contained by budget reductions. The total amount of licensed deficits will be backed by the collective balances of all schools. A maximum of 40% of the total surpluses may be used to support licensed deficits.

Applications for licensed deficits will be copied to the Authority's Chief Finance Officer and he/she (or accredited representative) will have the right to attend any meetings to discuss licensed deficits with individual schools.

The detailed arrangements applying to this Scheme are set out in the School Financial Procedures Manual and the Lambeth Deficit Schools Management Policy.

If a school with a licensed deficit proposes to spend amounts received in respect of other specific grants on purposes other than reducing the deficit, the Authority will agree to such a proposal unless in its view the proposed expenditure is unreasonable in the school's financial circumstances.

Balances held by a school in an external bank account remain the property of the Authority, if made available by the Authority initially, and therefore may legally be taken into account by the Authority in assessing the total level of licensed deficit which it might wish to make to schools.

However, the Secretary of State believes that it is right that schools be asked to give a view as to whether the Authority should take them into account in this way, and that this provides assurance for the Authority as well as schools.

Under a licensed deficit scheme the only effect on budget and outturn statements is that in the latter, the balance goes into deficit because expenditure is at a higher level than the budget share, but this deficit reduces to zero by the end of the repayment period because the school has to constrain its expenditure to effect the repayment. No 'payment' to the school is recorded.

#### **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 a 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.

**Credit Union approach** as an option schools may wish to group together to utilise externally held balances for a credit union approach to loans. In this instance the Authority would require audit certification of the arrangements, if the authority does not itself act as administrator of the arrangement.

## SECTION 5: INCOME

Schools shall be able to retain income except in certain specified circumstances.

### 5.1 Income from Lettings

Schools may retain income from lettings of the school premises which would otherwise accrue to the Authority, subject to alternative provisions arising from any joint use or PFI agreements. 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, schools whose premises are owned by the Authority shall be required to have regard to directions issued by the Authority as to the use of school premises. Income from lettings should not be payable into voluntary or private funds held by the school.

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.

Schools are required to have regard to the 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.

Voluntary Schools - the occupation and use of the premises of the following, both during and outside school hours, shall be under the control of the governing body, subject to any directions given by the Local Authority.

The governing body of a voluntary controlled school may determine the use to which the school premises (or any part of them) are put on a Saturday when not required for the purposes of the school or by the Authority for the provision accommodation in connection with the education and welfare of the young. Foundation governors may determine the use to which the premises are put on a Sunday.

The Authority may direct the governing body of a voluntary aided school to provide accommodation when not needed for the purpose of the school, on any weekday for no more than three days for any purpose connected with the education and welfare of the young if it is satisfied that there is no suitable alternative accommodation in their area.

The accommodation is to be provided free of charge and governors of voluntary schools in exercising control, occupation and use of premises outside school hours shall have regard of those premises being made available for community use.

The governing body of any voluntary school shall have the power to enter into a transfer of control agreement with anybody or person if their purpose is to promote community use of the whole or part of the school premises.

The governing body of any voluntary school shall not enter into any transfer of control agreement which makes or includes provision for the use of the whole or any part of the school premises during school hours unless they have first obtained the Authority's consent to the agreement in so far as it makes such a provision.



## **5.2 Income from Fees and Charges**

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

## **5.3 Income from Fundraising Activities**

Schools may retain income from fundraising activities. Where such activities have created a charge against the school budget, this charge must be reimbursed first, before the balance of income is credited to the non-official fund.

## **5.4 Income from the Sale of Assets**

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

## **5.5 Administrative Procedures for the Collection of Income**

Because of the potential VAT implications of providing services, which lead to fees and charges, fundraising activities and the sale of assets, the Authority has established administrative procedures for the collection of income, which are set out in the School Financial Procedures Manual.

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

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

## SECTION 6: THE CHARGING OF SCHOOL BUDGET SHARES

### 6.1 General Provision

The budget share of a school may be charged by the Authority without the consent of the governing body only in circumstances set out in 8.2 below.

The LA may de-delegate funding for permitted services without the express permission of the governing body, provided this has been approved by the appropriate phase representatives of the Schools Forum.

### 6.2 Charging of salaries at actual cost

The Authority is required to charge school budget shares with the salaries of school-based staff at actual cost. For schools using the Council's payroll provider this will be done using the payroll systems employed and by adjustments to the schools' cash advances.

The Authority shall consult a school as to the intention to charge, and shall notify a school when it has been done.

Schools are reminded that the Authority cannot act unreasonably in the exercise of any power given by this scheme, or it may be the subject of a direction under s.496 of the Education Act 1996.

The Authority will make arrangements for a disputes procedure to operate in relation to such charges.

### 6.3 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 there is good reason to charge this to the school/where the school had not followed authority advice (see Appendix 1).
- Awards by courts and industrial tribunals or out of court settlements against the Authority arising from action or inaction by the governing body contrary to the Authority's advice. Awards made against a governing body directly would fail to be met from the budget share. Where the Authority is joined with the governing body in the action and has expenditure as a result of the governing body not taking Authority advice the charging of the budget share protects the Authority's position. Authorities should ensure in framing any such advice that they have taken proper account of the role of aided school governing bodies.
- Expenditure by the Authority in carrying out health and safety work or capital expenditure for which the Authority is liable where funds have been 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 spending 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 be arranged by the Authority. The authority itself needs to consider whether it has an insurable interest in any particular case.

- 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, Teachers Pensions, HM Customs and Excise or regulatory authorities as a result of school negligence.
- Correction of Authority errors in calculating charges to a budget share (e.g. pension deductions). Before applying any such provision the Authority should consider whether it is reasonable to do so. If the error dates back several years it may be questionable whether such charging is reasonable.
- Additional transport costs incurred by the Authority arising from decisions by the governing body on the length of the school day, and 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.
- Costs of necessary health and safety training for staff employed by the Authority, where funding for training has been delegated but the necessary training not 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-Local Authority payroll contractors, the charge to be the minimum needed to meet the cost of the Authority's compliance with its statutory obligations;
- 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 and/or specific funding for a pupil with High Needs.
- Costs 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.
- 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 or another school as a result of a school appeal 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.

## SECTION 7: TAXATION

### 7.1 Value Added Tax

HM Revenue and Customs have agreed that VAT incurred by schools when spending any funding made available by the Local Authority is treated as being incurred by the authority and qualifies for reclaim by the Local Authority.

The Authority has established procedures to enable schools to utilise the Authority's ability to reclaim VAT on expenditure relating to non-business activity. These are set out in separate guidance in the School Financial Procedures Manual.

However, VAT incurred on expenditure by the governors of a voluntary aided school when carrying out their statutory responsibilities to maintain the external fabric of their buildings is reclaimed directly from the DfE and not through the monthly return to the Authority.

Schools are expected to submit regular monthly VAT returns detailing the VAT paid and collected during that period. The Authority will reimburse legitimate VAT expenditure to schools during the following period upon receipt of the VAT reports.

### 7.2 CITS (Construction Industry taxation Scheme)

Schools are required to abide by procedures issued by the Authority in connection with CITS. Where HM Revenue and Customs discovers errors in the operation of the CITS system within maintained schools they will seek to recover the appropriate portion of the tax from Lambeth. Any amounts paid to H HM Revenue and Customs in this way will be recovered from the school's budget share.

## **SECTION 8: THE PROVISION OF SERVICES AND FACILITIES BY THE AUTHORITY**

### **8.1 Provision of Services from Centrally Retained Budgets**

The Authority shall determine on what basis services from centrally retained funds will be provided to schools. This includes funding for existing Premature Retirement Costs (PRC) and redundancy payments, which may not ordinarily be thought of as service, may be included in the provision of services from centrally retained budgets.

The Authority will not discriminate in its provision of services to schools on the basis of their category except in circumstances where this would be allowable under the school and early years finance regulations or the dedicated schools grant (DSG) conditions of grant.

### **8.2 Provision of Services bought back from the Local Authority using Delegated Budgets**

Centrally arranged premises and liability insurance are excluded from the requirements set out in this paragraph, as the limitations envisaged may be impracticable for insurance purposes.

The term of any arrangement with a school starting on or after 1st April 2019 to buy services or facilities from the Authority shall be for a minimum of two years and a maximum of three years from the inception of the scheme or the date of the agreement, whichever is the later, and periods not exceeding five years for any subsequent agreement relating to the same services. However, schemes may contain an extension to five and seven years respectively for contracts for supply of catering services.

When a service is provided for which expenditure is not retainable centrally by the Authority under the Regulations made under section 45A of the Act, it must be offered at prices, which are intended to generate income, which is no less than the cost of providing those services. The total cost of the service must be met by the total income, even if schools are charged differentially.

This provision complements the implied requirements of the regulations on central retention of funds. It is recognised that absolute break-even or profit is not always achievable over fixed financial years; it is for the Authority to show during audit tests that the charging policy can reasonably be expected to avoid central subsidy of services.

### **8.3 Packaging**

The Authority may provide any services, for which funding has been delegated. This will be on a service level agreement/buyback arrangement. The Authority does not intend to offer such services in a way which unreasonably restricts schools' freedom of choice among the services available. Schools will not have to receive one service as a condition of receiving another service that is available separately.

### **8.4 Service Level Agreements**

If services or facilities are provided under a service level agreement - whether free or on a buyback basis - the terms of any such agreement starting on or after the inception of the scheme:

- Will generally be in place by the end of February to be effective for the following financial year, and schools will have at least a month to consider them.
- Will be reviewed at least every three years.

Services, if offered at all by the Authority, shall be available on a basis, which is not related to an extended agreement, as well as on the basis of such agreements.

Where services are provided on an ad hoc basis they may be charged for at a different rate than if provided on the basis of an extended agreement.

Services purchased from the Local Authority by schools will normally be charged through the provision of an invoice to the school and fees will be collected via deductions to the monthly budget share instalments with Governing Body agreement.

## **8.5 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 2014, 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 monthly 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.

## **SECTION 9: PRIVATE FINANCE INITIATIVE (PFI) /Public Private Partnership (PPP)**

The Authority shall have the power to issue regulations from time to time relating to PFI/PPP projects. The Authority will consult with schools on the content of any such regulations and, if required, will seek Department for Education approval. Amongst other issues these may deal with the reaching of agreements with the governing bodies of schools as to the basis of charges relating to such schemes; and the treatment of monies withheld from contractors due to poor performance.

## **SECTION 10: INSURANCE**

### **10.1 Insurance Cover**

The Authority may require any school to demonstrate that cover relevant to an 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 if the Authority makes such arrangements, either paid for from central funds or from contributions from schools' delegated budgets.

The evidence required to demonstrate the parity of cover should be reasonable, not place an undue burden upon the school, nor act as a barrier to the school exercising their choice of supplier

The Authority will have regard to the actual risks which might reasonably be expected to arise at the school in question in operating such a requirement, rather than applying an arbitrary minimum level of cover for all schools.

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. Schools may do this individually when any insurance contract of which they are part expires. Alternatively, all primary and/or secondary maintained schools can join the RPA collectively by agreeing through the Schools Forum to de-delegate funding. For any schools considering this arrangement, they must contact the Council's insurance team to ensure that areas that are not covered by the RPA (but need to be covered) can be met through additional insurance cover.

## **SECTION 11: MISCELLANEOUS**

### **11.1 Right of Access to Information**

Governing bodies must supply to the Authority all financial and other information which might reasonably be required to enable the Authority to satisfy itself as to the school's management of its delegated budget share, or the use made of any central expenditure by the Authority (eg earmarked funds) on the school.

### **11.2 Liability of Governors**

Because the governing body is a corporate body, governors of maintained schools will not incur personal liability in the exercise of their power to spend the delegated budget share provided they act in good faith and because of the terms of s.50(7) of the SSAF Act 10 schedule 11 of the School Standards and Framework Act 1998.

### **11.3 Governors' Expenses**

The Authority shall have the power to delegate to the governing body of a school yet to receive a delegated budget, funds to meet governors' expenses.

Only allowances in respect of purposes specified 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. Schools are expressly forbidden from paying any other allowances to governors. The Authority will publish occasional guidance as to what it considers to be reasonable expenses.

Schools are also barred from payment of expenses duplicating those paid by the Secretary of State to additional governors appointed by him to schools under special measures.

### **11.4 Responsibility for Legal Costs**

Legal costs (not the costs of legal advice) incurred by the governing body may be charged to the school's budget share, unless the governing body acts in accordance with the advice of the Authority; although this is 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.

The effect of this is that a school cannot expect to be reimbursed for the cost of legal action against the Authority itself; although there is nothing to stop an Authority making such reimbursement if it believes this to be desirable or necessary in the circumstances.

The costs referred to are those of legal actions, including costs awarded against an Authority; not the cost of legal advice provided. Where advice is required that may result in a conflict of interest then the following procedure must be followed:

- The Authority or a school requiring advice may contact legal service for that advice.
- A file note will be made that the advice or the case may lead to a conflict of interest.
- Legal services will normally treat the Authority as its main client and a school will be advised of a potential conflict of interest with the Authority and offered the use of the Council's main or reserve legal contractors.



If however, advice has already been given to a school, then the Authority will be offered the use of the Council's main or reserve legal contractors.

### **11.5 Health and Safety**

In expending the delegated budget governing bodies are required to 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.

### **11.6 Right of Attendance for Chief Finance Officer**

Governing bodies are required to permit the Chief Finance Officer of the Authority, or any officer of the Authority nominated by the Chief Finance Officer, to attend meetings of the governing body at which any agenda items are relevant to the exercise of her or his responsibilities.

The Chief Finance Officer's attendance shall normally be limited to items which relate to issues of probity or overall financial management and shall not be regarded as routine. Where possible prior notice will be given of attendance.

### **11.7 Special Educational Needs**

The Authority requires schools to use their best endeavours in spending the budget share, to secure the special educational needs of their pupils, and reserves the right to suspend delegation where a situation is serious enough to warrant it (this would not normally relate to an individual pupil).

### **11.8 Interest on Late Payments**

Interest on late payments cannot affect the statutory requirements now introduced on this matter.

### **11.9 Whistleblowing**

If persons working at a school or school governors wish to complain about financial management or financial propriety at the school, they should follow the Authority's agreed procedure. The Council's Corporate Complaints department is the main point of contact for reporting an incident using the whistleblowing procedure.

### **11.10 Child Protection**

The Authority will release staff to attend child protection case conferences and other related events. The funding for school staff to attend child protection case conferences and other related events are included in the school's budget share.

### **11.11 Redundancy and Early Retirement Costs**

Funding for premature retirement and redundancy costs are set out in the 2002 Education Act. However as the LA does not centrally retain funding for these costs, individual schools are expected to fund these costs from their Schools budget share. Further guidance is provided at [Appendix 3](#).

## SECTION 12: RESPONSIBILITY FOR REPAIRS AND MAINTENANCE

Funding for all repairs and maintenance is the delegated responsibility of schools. The Local Authority retains funding for schools' capital. Expenditure may be treated as capital only if it fits the definition of capital used by the Local Authority for financial accounting purposes in line with the CIPFA Code of Practice on Local Authority accounting.

The current de minimis limit for capital expenditure is £10,000 for vehicles and equipment and £20,000 for land and buildings. Schools are responsible for setting their own de minimis for capital expenditure, as some smaller schools' Devolved Formula Capital allocations may be below these amounts.

The LA has a School Maintenance Handbook which should be used by schools in relation to their responsibilities for repairs and maintenance. It outlines what constitutes revenue repairs and maintenance and what constitutes capital works.

The LA will always have limited capital funds that it has to prioritise according to condition, suitability and sufficiency needs. Smaller capital works below £25,000 in total are unlikely to be prioritised; schools should be looking to use their Devolved Formula Capital in the first instance.

In circumstances where urgent capital works have become necessary, the LA will look to whether a school has Devolved Formula Capital or has excessive revenue balances (5%+ for secondary or 8%+ for other schools). If the urgent capital works have arisen because of a school failing to address routine health and safety repairs, the LA reserves the right to invoke clause 6.3.4 of this Scheme.

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 for 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 DfE to categorise such work, not the de minimis limit used by the authority.

## SECTION 13: COMMUNITY FACILITIES

### 13.1 Introduction

Schools have greater opportunities to provide services for the community. Extended schools provide 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.

Please see [Appendix 4](#) for more detail.

The mismanagement of community facilities funds can be grounds for suspension of the right to a delegated budget.

### 13.2 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.

Changes made by the Children and Families Act 2014 mean that schools no longer need to consult the authority when establishing community facilities under Section 27 of the Education Act 2002. Nor do they have to have regard to advice given to them by their Authority.

However, as public bodies, they are expected to act reasonably, and this includes consulting those affected by decisions that they make. 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.

Schools may still 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.

### 13.3 Funding Agreements – Authority Powers

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.

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. Comments will be provided within six weeks of receipt.

If the third party requires Local Authority consent to the agreement for it to proceed, such a requirement and the method by which Local Authority consent is to be signified is a matter for that third party.

### 13.4 Other Prohibitions, Restrictions and Limitations

Although the Authority has no right of veto either to funding agreements with third parties, or for other proposed uses of the community facilities power, where the Authority believes it appropriate they may require that in a specific instance of use of the community facilities power by a governing

body, the governing body concerned must make arrangements to protect the financial interests of the Authority by either carrying out the activity 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.

Section 28 of the 2002 Education Act provides that the exercise of the community facilities power is subject to prohibitions, restrictions and limitations in the scheme for financing schools.

### **13.5 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 every six months.

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.

Financial information relating to community facilities will be included in returns made by schools under the Consistent Financial Reporting (CFR) Framework and these should be relied upon by Authorities as their main source of information for the financial aspects of community facilities.

However, the CFR timetable is such that Authorities are likely to want supplementary information in order to ensure that schools are not at financial risk. (Schedule 15 of the Act provides that mismanagement of funds spent or received for community facilities is a basis for suspension of the right to delegation of the budget share).

These provisions do not preclude the insertion of other provisions in specific funding agreements between schools and the Authority as to the financial reporting requirements arising from the funding in question.

### **13.6 Audit**

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

### **13.7 Treatment of Income and Surpluses**

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 person. Such retained net income can be carried over from one financial year to the next as a separate community activities surplus.

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.

### **13.8 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.

The governing body must ensure that any adults involved in community activities have Criminal Records Bureau clearance 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.

### **13.9 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.

In principle, the insurance issues arising from use of the community facilities power are the same as those which already arise from non-school use of school premises. However, a school proposing to provide community facilities should, as an integral part of its plans, undertake an assessment of the insurance implications and costs, seeking professional advice if necessary.

The Authority reserves the right to undertake its own assessment of the insurance arrangements made by a school in respect of community facilities and if it judges those arrangements to be inadequate, to make arrangements itself and charge the resultant cost to the school. Such costs could not be charged to the school's budget share.

Schools may join risk protection arrangement (RPA) for risks that are covered by the RPA from 1st April 2020. Schools may do this individually when any insurance contract of which they are part expires. Schools can provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the Schools Forum to de-delegate funding.

### **13.10 Taxation**

The governing body should seek the advice of the from the Authority 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.

If 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.

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

### **13.11 Banking**

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.

If a school does decide to operate their community activities through a separate bank account, then it must be at a bank that is an approved institution as set out in requirement of the Scheme for Financing Schools. The signing of cheques, the titles of bank accounts, the contents of bank account mandates, and similar matters should mirror those in earlier parts of the Scheme.

Schools may not borrow money without the written consent of the Secretary of State. This requirement does not extend to monies lent to schools by their maintaining authority.

## Appendix 1: List of Schools covered by the Scheme

URN	LAESTAB	School Name
100556	2082022	Ashmole Primary School
100560	2082115	Clapham Manor Primary School
100564	2082265	Granton Primary School
100566	2082292	Heathbrook Primary School
100567	2082295	Henry Cavendish Primary School
100572	2082331	Jessop Primary School
100574	2082359	Kingswood Primary School
100576	2082371	Lark Hall Primary School (Including Lark Hall Centre for Pupils with Autism)
100577	2082459	Paxton Primary School
100578	2082504	Richard Atkins Primary School
100584	2082575	Sudbourne Primary School
100585	2082578	Sunnyhill Primary School
100586	2082591	Telferscot Primary School
100588	2082617	Vauxhall Primary School
100589	2082626	Walnut Tree Walk Primary School
100591	2082664	Wyvil Primary School and Centre for Children with Speech and Language Impairment and Autism
100593	2082783	Crown Lane Primary School
100595	2082785	Fenstanton Primary School
100597	2082794	Elm Wood School
100598	2082808	Allen Edwards Primary School
100601	2082836	Glenbrook Primary School
100604	2082868	Herbert Morrison Primary School
131247	2082897	Bonneville Primary School
131340	2082898	Hill Mead Primary School
131824	2082900	Hitherfield Primary School
131874	2082901	Henry Fawcett Primary School
100582	2082902	Stockwell Primary School
133315	2082903	Kings Avenue School
133662	2083000	Jubilee Primary School
100609	2083307	Archbishop Sumner Church of England Primary School
100610	2083324	Christ Church Primary SW9
100612	2083375	Macaulay Church of England Primary School
100613	2083403	St Andrew's Church of England Primary School
100614	2083457	St John the Divine Church of England Primary School
100615	2083466	St John's Angell Town Church of England Primary School
100616	2083491	St Jude's Church of England Primary School
100619	2083502	St Mark's Church of England Primary School
100620	2083589	St Saviour's Church of England Primary School
100621	2083596	St Stephen's Church of England Primary School
100622	2083621	Holy Trinity Church of England Primary School

URN	LAESTAB	School Name
100623	2083641	St Helen's Catholic School
134507	2083642	The Orchard School
135614	2083643	Iqra Primary School
100628	2085200	St Bernadette Catholic Junior School
100629	2085201	St Anne's Catholic Primary School
100631	2085203	St Bede's Catholic Infant School
100632	2085204	St Andrew's Catholic Primary School
100633	2085205	Immanuel and St Andrew Church of England Primary School
100634	2085206	Reay Primary School
100636	2085208	St Mary's Roman Catholic Primary School
100602	2085209	Julian's Primary School
100624	2084223	Norwood School
100625	2084321	Lilian Baylis Technology School
100627	2084509	Saint Gabriel's College
100637	2085400	La Retraite Roman Catholic Girls' School
100638	2085401	Bishop Thomas Grant Catholic Secondary School
100642	2085405	London Nautical School
100590	2082657	Woodmansterne Primary School & Children's Centre
100551	2081043	Effra Nursery School and Children's Centre
100552	2081049	Ethelred Nursery School and Children's Centre
100554	2081058	Holmewood Nursery School
100553	2081055	Maytree Nursery School
100550	2081027	Triangle Nursery School
100654	2087001	Lansdowne School
133440	2087194	The Livity School
100643	2085950	Turney Primary and Secondary Special School
100659	2087115	Elm Court School



## **Appendix 2: Payment To Schools Purchasing/Not Purchasing the Council's Payroll Service**

There will be two different arrangements depending on whether the school has purchased the Council's payroll service or not.

### **For schools not purchasing the Council's Payroll Service**

During the financial year the schedule of payments of school budget shares will be made in equal instalments for each calendar month payable to each school on or before 13th of each month.

### **For Schools purchasing the Council's Payroll Service**

As per (1) above but the monthly payroll cost will be deducted at source from the monthly budget share before payment is made to the school. Payroll is deducted 1 month in arrears.

Draft for Publication

### Appendix 3: Responsibility for Redundancy and Early 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 redundancy and premature retirement costs must be charged to the school's delegated budget, while costs incurred by the Local Authority in respect of securing dismissals 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 was a good reason, 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.

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 Schools Forum agree, 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 agree 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.

#### Appendix 4: Application of Schemes 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.